

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K**

(Mark One)

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended **December 31, 2023**
- OR**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: 814-00939
MSC Income Fund, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)
1300 Post Oak Boulevard, 8th Floor
Houston, TX
(Address of principal executive offices)

45-3999996
(I.R.S. Employer
Identification No.)
77056
(Zip Code)

(713) 350-6000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
						Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There is no established public market for the registrant's common stock. The registrant closed the public offering of its shares of common stock in September 2017. The last offering price at which the registrant issued shares in its public offering was \$9.30 per share. Since the registrant closed its public offering, it has continued to issue shares pursuant to its dividend reinvestment plan. The most recent price at which the registrant has issued shares pursuant to the dividend reinvestment plan was \$7.96 per share.

The number of shares outstanding of the issuer's common stock as of March 1, 2024 was 80,469,732.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements regarding the plans and objectives of management for future operations and which relate to future events or our future performance or financial condition. Any such forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and we cannot assure you that the projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors, including, without limitation, the factors discussed in Item 1A entitled “Risk Factors” in this Annual Report on Form 10-K and elsewhere in this Annual Report on Form 10-K and in other filings we may make with the Securities and Exchange Commission (“SEC”) from time to time. Other factors that could cause actual results to differ materially include changes in the economy and future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this Annual Report on Form 10-K on information available to us on the date of this Annual Report on Form 10-K, and we assume no obligation to update any such forward-looking statements, unless we are required to do so by applicable law. However, you are advised to refer to any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including subsequent annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

PART I

Item 1. *Business*

ORGANIZATION

MSC Income Fund, Inc. (“MSIF” or, together with its consolidated subsidiaries, “MSC Income Fund” or the “Company”) is a principal investment firm primarily focused on providing debt capital to middle market (“Middle Market”) companies and customized debt and equity financing to lower middle market (“LMM”) companies. MSC Income Fund’s portfolio investments are typically made to support leveraged buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSC Income Fund invests primarily in secured debt investments of Middle Market companies generally headquartered in the United States and in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States. MSC Income Fund seeks to partner with private equity funds in its Private Loan (as defined below) and Middle Market investment strategies. MSC Income Fund seeks to partner with entrepreneurs, business owners and management teams and generally provides “one-stop” financing alternatives within its LMM investment strategy.

MSIF was formed in November 2011 to operate as an externally managed business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). MSIF has elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, MSIF generally does not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

On October 28, 2020, MSIF’s stockholders approved the appointment of MSC Adviser I, LLC (our “Adviser”), which is wholly-owned by Main Street Capital Corporation (“Main Street”), a New York Stock Exchange listed BDC, as MSIF’s investment adviser and administrator under an Investment Advisory and Administrative Services Agreement dated October 30, 2020 (the “Investment Advisory Agreement”). In such role, our Adviser has the responsibility to manage the business of MSC Income Fund, including the responsibility to identify, evaluate, negotiate and structure prospective investments, make investment and portfolio management decisions, monitor MSC Income Fund’s Investment Portfolio (as defined below) and provide ongoing administrative services.

MSIF has certain direct and indirect wholly-owned subsidiaries that have elected to be taxable entities (the “Taxable Subsidiaries”). The primary purpose of the Taxable Subsidiaries is to permit MSIF to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes. MSIF also has certain direct and indirect wholly-owned subsidiaries formed for financing purposes (the “Structured Subsidiaries”).

Unless otherwise noted or the context otherwise indicates, the terms “we,” “us,” “our,” the “Company” and “MSC Income Fund” refer to MSIF and its consolidated subsidiaries, which include the Taxable Subsidiaries and the Structured Subsidiaries.

CORPORATE INFORMATION

Our principal executive offices are located at 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056. We maintain a website on the Internet at www.msicomefund.com. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider that information to be part of this Annual Report on Form 10-K. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports and other public filings are also available free of charge on the EDGAR Database on the SEC’s website at www.sec.gov.

OVERVIEW OF OUR BUSINESS

Our principal investment objective is to maximize our portfolio’s total return by generating current income from our debt investments and current income and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We seek to achieve our investment objective through our Private Loan (as defined below), LMM and Middle Market investment strategies. Our private loan (“Private Loan”) investment strategy involves investments in companies that are generally consistent with the

size of the companies in our LMM and Middle Market investment strategies. Our LMM investment strategy involves investments in companies that generally have annual revenues between \$10 million and \$150 million. Our Middle Market investment strategy involves investments in companies that are generally larger in size than our LMM companies, with annual revenues typically between \$150 million and \$1.5 billion. Our Private Loan, LMM and Middle Market investments generally range in size from \$1 million to \$20 million.

Private Loan investments primarily consist of debt securities that have primarily been originated directly by our Adviser or, to a lesser extent, through our Adviser's strategic relationships with other investment funds on a collaborative basis through investments that are often referred to in the debt markets as "club deals" because of the small lender group size. Our Private Loan investments are typically made to support a company owned by or in the process of being acquired by a private equity sponsor. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date. We may also co-invest with Main Street and the private equity sponsors in the equity securities of our Private Loan portfolio companies.

We seek to fill the financing gap for LMM businesses, which, historically, have had limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participation. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one-stop" financing solution. Providing customized, "one-stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date.

Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio and that were issued by the issuer through a syndicated process. Our Middle Market portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

Our other portfolio ("Other Portfolio") investments primarily consist of investments that are not consistent with the typical profiles for our Private Loan, LMM or Middle Market portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our portfolio investments are generally made through MSIF, the Taxable Subsidiaries and the Structured Subsidiaries. MSIF, the Taxable Subsidiaries and the Structured Subsidiaries share the same investment strategies and criteria. An investor's return in MSIF will depend, in part, on the Taxable Subsidiaries' and the Structured Subsidiaries' investment returns as they are wholly-owned subsidiaries of MSIF.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities and our available liquidity. The level of new investment activity, and associated interest and fee income, will directly impact future investment income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. While we intend to grow our portfolio and our investment income over the long term, our growth and our operating results may be more limited during depressed economic periods. However, we intend to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation on our investments will also fluctuate depending upon portfolio activity, economic conditions and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

We have received an exemptive order from the SEC permitting co-investments among us, Main Street and other funds and clients advised by our Adviser in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made co-investments with, and in the future intend to continue to make co-

investments with Main Street and other funds and clients advised by our Adviser, in accordance with the conditions of the order. The order requires, among other things, that we and our Adviser consider whether each such investment opportunity is appropriate for us, Main Street and the other funds and clients advised by our Adviser, as applicable, and if it is appropriate, to propose an allocation of the investment opportunity between such parties. Because our Adviser is wholly-owned by Main Street and is not managing our investment activities as its sole activity, this may provide our Adviser an incentive to allocate opportunities to Main Street, other participating funds and other clients instead of us. However, our Adviser has policies and procedures in place to manage this conflict, including oversight by the independent members of our Board of Directors. In addition to the co-investment program described above, we also co-invest in syndicated deals and other transactions where price is the only negotiated point by us and our affiliates.

BUSINESS STRATEGIES

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and current income and capital appreciation from our equity and equity-related investments including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We have adopted the following business strategies to achieve our investment objective:

- *Focus on Established Companies.* We generally invest in companies with established market positions, experienced management teams and proven revenue streams. Through our Private Loan and LMM investment strategies, we access proprietary investments with attractive risk-adjusted return characteristics to generate a cash yield to support our quarterly dividend. We believe that those companies generally possess better risk-adjusted return profiles than newer companies that are building their management teams or are in the early stages of building a revenue base. We also believe that established companies in our targeted size range also generally provide opportunities for capital appreciation.
- *Deliver Customized Financing Solutions in the Lower Middle Market.* We offer LMM portfolio companies customized debt and equity financing solutions that are tailored to the facts and circumstances of each situation. We believe our ability to provide a broad range of customized financing solutions to LMM companies sets us apart from other capital providers that focus on providing a limited number of financing solutions. Our ability to invest across a company's capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer LMM portfolio companies a comprehensive suite of financing options, or a "one-stop" financing solution.
- *Leverage the Skills and Experience of our Adviser's Investment Team.* Our Adviser's investment team has significant experience in lending to and investing in Middle Market and LMM companies. The members of our Adviser's investment team have broad investment backgrounds, with prior experience at private investment funds, corporate entities with active acquisition growth strategies and activities, investment banks and other financial services companies. The expertise of our Adviser's investment team in analyzing, valuing, structuring, negotiating and closing transactions should provide us with competitive advantages by allowing us to consider customized financing solutions and non-traditional or complex structures for our portfolio companies.
- *Invest Across Multiple Companies, Industries, Regions and End Markets.* We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets. This portfolio balance is intended to mitigate the potential effects of negative economic events for particular companies, regions, industries and end markets.
- *Capitalize on Strong Transaction Sourcing Network.* Our Adviser's investment team seeks to leverage its extensive network of referral sources for portfolio company investments. Main Street has developed a reputation in our marketplace as a responsive, efficient and reliable source of financing, which has created a growing stream of proprietary deal flow for us.
- *Benefit from Lower, Fixed, Long-Term Cost of Capital.* We maintain an investment grade rating from Kroll Bond Rating Agency, LLC which provides us the opportunity and flexibility to obtain additional, attractive long-term financing options to supplement our capital structure, including the unsecured notes with fixed interest rates we issue.

INVESTMENT CRITERIA

Our Adviser's investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our Adviser's investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection with each of our investments:

- *Established Companies with Positive Cash Flow.* We seek to invest in established companies with sound historical financial performance. We pursue investments in debt securities of Middle Market companies that are generally established companies with sound historical financial performance that are generally larger in size than LMM companies. We also focus on LMM companies that have historically generated earnings before interest, taxes, depreciation and amortization ("EBITDA") of \$3 million to \$20 million and commensurate levels of free cash flow. We generally do not invest in start-up companies or companies with speculative business plans.
- *Defensible Competitive Advantages/Favorable Industry Position.* We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help to protect their market position and profitability.
- *Proven Management Team with Meaningful Equity Stake.* We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each LMM portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests. We believe management teams with these attributes are more likely to manage the companies in a manner that both protects our debt investment and enhances the value of our equity investment.
- *Exit Alternatives.* We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or a refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

INVESTMENT PORTFOLIO

The "Investment Portfolio", as used herein, refers to our investments in Middle Market companies (including both our Private Loan and Middle Market portfolio investments), investments in LMM companies (including both our Private Loan and LMM portfolio investments) and Other Portfolio investments. Our Private Loan portfolio investments primarily consist of investments in debt securities in companies that are consistent with the size of the companies in our LMM portfolio and Middle Market portfolio. Our Private Loan portfolio investments are primarily originated directly by our Adviser, or to a lesser extent, through our Adviser's strategic relationships with other investment funds on a collaborative basis through investments that are often referred to in the debt markets as "club deals" because of the small lender group size. In both cases, our Private Loan investments are typically made to support a company owned by or in the process of being acquired by a private equity sponsor. Our LMM portfolio investments primarily consist of secured debt, direct equity investments and equity warrants in privately held, LMM companies based in the United States. Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio and that were issued by the issuer through a syndicated process. Our Other Portfolio investments primarily consist of investments that are not consistent with the typical profiles for our Private Loan, LMM and Middle Market portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Debt Investments

The debt investments in our Private Loan portfolio have rights and protections that are similar to those in our LMM debt investments, which may include affirmative and negative covenants, default penalties, lien protection, change of control provisions, guarantees and equity pledges. Our Private Loan portfolio debt investments are generally secured by a first priority lien and typically have a term of between three and seven years from the original investment date. Our Private Loan debt investments generally have floating interest rates at the Secured Overnight Financing Rate ("SOFR") or the Prime rate typically subject to a contractual minimum interest rate (an "interest rate floor"), plus a margin.

Historically, we have made LMM debt investments principally in the form of single tranche debt. Single tranche debt financing involves issuing one debt security that blends the risk and return profiles of both first lien secured and subordinated debt. We believe that single tranche debt is more appropriate for many LMM companies given their size in order to reduce structural complexity and potential conflicts among creditors.

Our LMM debt investments generally have a term of five to seven years from the original investment date, with limited required amortization prior to maturity, and provide for monthly or quarterly payment of interest at interest rates generally between 10% and 14% per annum, payable currently in cash. Interest rate terms can include either fixed or floating rate terms. The LMM debt investments with floating interest rates will generally bear interest at the SOFR or the Prime rate typically subject to an interest rate floor, plus a margin. In addition, certain LMM debt investments may have a form of interest that is not paid currently but is accrued and added to the loan balance and paid at maturity. We refer to this form of interest as payment-in-kind, or PIK, interest. We typically structure our LMM debt investments with the maximum seniority and collateral that we can reasonably obtain while seeking to achieve our total return target. In most cases, our LMM debt investment will be collateralized by a first priority lien on substantially all the assets of the portfolio company. In addition to seeking a senior lien position in the capital structure of our LMM portfolio companies, we seek to limit the downside potential of our LMM debt investments by negotiating covenants that are designed to protect our LMM debt investments while affording our portfolio companies as much flexibility in managing their businesses as is reasonable. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control or change of management provisions, key-man life insurance, guarantees, equity pledges, personal guaranties, where appropriate, and put rights. In addition, we typically seek board representation or observation rights in all of our LMM portfolio companies.

While we will continue to focus our LMM debt investments primarily on single tranche debt investments, we may structure some of our debt investments as mezzanine loans. These mezzanine loans would be primarily junior secured or unsecured, subordinated loans that would provide for relatively high interest rates, payable currently in cash, and would provide us with significant interest income. These mezzanine loans would afford us the additional opportunity for income and gains through PIK interest and equity warrants and other similar equity instruments issued in conjunction with these mezzanine loans. These loans typically would have interest-only payments in the early years, with amortization of principal deferred to the later years of the mezzanine loan term. Typically, these mezzanine loans would have maturities of three to five years. We would generally target interest rates of 12% to 14%, payable currently in cash, for our mezzanine loan investments with higher targeted total returns from equity warrants or PIK interest.

Our Middle Market portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date. The debt investments in our Middle Market portfolio usually have rights and protections that are similar to those in our Private Loan and LMM debt investments. The Middle Market debt investments generally have floating interest rates at SOFR or Prime rate typically subject to an interest rate floor, plus a margin.

Direct Equity Investments

We also seek to make direct equity investments to align our interests with key management and stockholders of our LMM portfolio companies, and to allow for participation in the appreciation in the equity values of our LMM portfolio companies. We usually make our direct equity investments in connection with debt investments in our LMM portfolio companies. In addition, we may have both equity warrants and direct equity positions in some of our LMM portfolio companies. We, on a combined basis together with Main Street and other investment funds and accounts managed by our Adviser, seek to maintain fully diluted equity positions in our LMM portfolio companies of 5% to 50%, and may have controlling equity interests in some instances. We have a value orientation toward our direct equity investments and have traditionally been able to purchase our equity investments at reasonable valuations. We will also have, from time to time, the opportunity to co-invest with Main Street and the private equity sponsors in the equity securities of our Private Loan portfolio companies. The equity co-investment aligns our interests with those of the private equity sponsor and provides us with the opportunity to benefit from appreciation in the equity values of our Private Loan portfolio companies.

Warrants

In connection with our LMM debt investments, we occasionally receive equity warrants to establish or increase our equity interest in the portfolio company. Warrants that we receive in connection with a debt investment typically require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We typically structure the warrants to provide provisions protecting our rights

as a minority-interest holder, as well as secured or unsecured put rights, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In certain cases, we also may obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

INVESTMENT PROCESS

Our Adviser’s investment committee has oversight over all aspects of our investment processes. The current members of the investment committee are Dwayne L. Hyzak, our Chief Executive Officer, David Magdol, our President and Chief Investment Officer, and Vincent D. Foster, senior advisor to Main Street and Chairman of its board of directors.

Our Adviser’s investment processes for Private Loan, LMM and Middle Market portfolio investments are outlined below. Our Adviser’s investment strategy involves a “team” approach, whereby potential transactions are screened by several members of our Adviser’s investment team before being presented to the investment committee. The investment committee meets on an as-needed basis depending on transaction volume. Our Adviser generally categorizes our investment process into seven distinct stages:

Deal Generation/Origination

Deal generation and origination is maximized through our Adviser’s long-standing and extensive relationships with industry contacts, brokers, commercial and investment bankers, entrepreneurs, service providers such as lawyers, financial advisors and accountants, and current and former portfolio companies and investors. Our Adviser’s investment team has focused its deal generation and origination efforts on Private Loan, LMM and Middle Market investments, and Main Street has developed a reputation as a knowledgeable, reliable and active source of capital and assistance in these markets.

Screening

During the screening process, if a transaction initially meets our investment criteria, our Adviser will perform preliminary due diligence, taking into consideration some or all of the following information:

- a comprehensive financial model based on quantitative analysis of historical financial performance, projections and pro forma adjustments to determine the estimated internal rate of return;
- a brief industry and market analysis;
- direct industry expertise imported from other portfolio companies or investors;
- preliminary qualitative analysis of the management team’s competencies and backgrounds;
- potential investment structures and pricing terms; and
- regulatory compliance.

Upon successful screening of a proposed Private Loan transaction, the investment team makes a recommendation to the investment committee. If the investment committee concurs with moving forward on the proposed Private Loan transaction, we typically issue a non-binding term sheet to the company. Upon successful screening of a proposed LMM transaction, the investment team makes a recommendation to the investment committee. If the investment committee concurs with moving forward on the proposed LMM transaction, we typically issue a non-binding term sheet or letter of intent to the company. For Middle Market portfolio investments, the initial term sheet is typically issued by the borrower, through the syndicating bank, and is screened by the investment team which makes a recommendation to the investment committee.

Term Sheet

For proposed Private Loan transactions, the non-binding term sheet will include the key economic terms based upon our analysis performed during the screening process, as well as a proposed timeline and our qualitative expectation for the transaction. Upon execution of a term sheet, our Adviser begins the formal due diligence process.

For proposed LMM transactions, the non-binding term sheet or letter of intent will include the key economic terms based upon our analysis performed during the screening process, as well as a proposed timeline and our qualitative expectation for the transaction. While the term sheet or letter of intent for LMM investments is non-binding, we typically receive an expense deposit in order to move the transaction to the due diligence phase. Upon execution of a term sheet or letter of intent, our Adviser begins the formal due diligence process.

For proposed Middle Market transactions, the initial term sheet will include key economic terms and other conditions proposed by the borrower and its representatives and the proposed timeline for the investment, which are reviewed by the investment team to determine if such terms and conditions are in agreement with our investment objectives.

Due Diligence

Due diligence on a proposed Private Loan or Middle Market investment is generally performed on materials and information obtained from certain external resources and assessed internally by a minimum of three of our Adviser's investment professionals, who work to understand the relationships among the prospective portfolio company's business plan, operations and financial performance using the accumulated due diligence information. Our Adviser's typical Private Loan and Middle Market due diligence review includes some or all of the following:

- detailed review of historical and projected financial statements;
- site visits or other discussions with management and key personnel;
- in-depth industry, market, operational and strategy analysis;
- regulatory compliance analysis; and
- detailed review of the company's management team and their capabilities.

Due diligence on a proposed LMM investment is performed by a minimum of three of our Adviser's investment professionals, whom we refer to collectively as the investment team, and certain external resources, who together conduct due diligence to understand the relationships among the prospective portfolio company's business plan, operations and financial performance. Our Adviser's LMM due diligence review includes some or all of the following:

- site visits with management and key personnel;
- detailed review of historical and projected financial statements;
- operational reviews and analysis;
- interviews with customers and suppliers;
- detailed evaluation of company management, including background checks;
- review of material contracts;
- in-depth industry, market and strategy analysis;
- regulatory compliance analysis; and
- review by legal, environmental or other consultants, if applicable.

During the due diligence process, significant attention is given to sensitivity analyses and how the company might be expected to perform given downside, base-case and upside scenarios. In certain cases, we may decide not to make an investment based on the results of the diligence process.

Document and Close

Upon completion of a satisfactory due diligence review of a proposed Private Loan or Middle Market portfolio investment, the investment team presents the findings and a recommendation to the investment committee. The presentation contains information which can include, but is not limited to, the following:

- company history and overview;
- transaction overview, history and rationale, including an analysis of transaction strengths and risks;
- overview and history of the private equity sponsor as the company's equity owner;
- analysis of key customers and suppliers;
- an analysis of the company's business strategy;
- investment structure and expected returns;
- anticipated sources of repayment and potential exit strategies;
- pro forma capitalization and ownership;
- regulatory compliance analysis findings; and
- an analysis of historical financial results and key financial ratios.

Upon completion of a satisfactory due diligence review of a proposed LMM portfolio investment, the investment team presents the findings and a recommendation to the investment committee. The presentation contains information which can include, but is not limited to, the following:

- company history and overview;
- transaction overview, history and rationale, including an analysis of transaction strengths and risks;
- analysis of key customers and suppliers and key contracts;
- a working capital analysis;
- an analysis of the company's business strategy;
- a management and key equity investor background check and assessment;
- third-party accounting, legal, environmental or other due diligence findings;
- investment structure and expected returns;
- anticipated sources of repayment and potential exit strategies;
- pro forma capitalization and ownership;
- an analysis of historical financial results and key financial ratios;
- sensitivities to management's financial projections;
- regulatory compliance analysis findings; and
- detailed reconciliations of historical to pro forma results.

If any adjustments to the transaction terms or structures are proposed by the investment committee, such changes are made and applicable analyses are updated prior to approval of the transaction. Approval for the transaction must be made by the affirmative vote from a majority of the members of the investment committee, with the committee member managing the transaction, if any, abstaining from the vote. Upon receipt of transaction approval, the investment team will re-confirm regulatory compliance, process and finalize all required legal documents, and fund the investment.

Post-Investment

Our Adviser continuously monitors the status and progress of our portfolio companies. Our Adviser generally offers managerial assistance to our portfolio companies, giving them access to our Adviser's investment experience, direct industry expertise and contacts. The same investment team that was involved in the investment process will continue its involvement in the portfolio company post-investment. This provides for continuity of knowledge and allows the investment team to maintain a strong business relationship with key management of our portfolio companies for post-investment assistance and monitoring purposes.

As part of the monitoring process of our Private Loan and Middle Market portfolio investments, the investment team will analyze monthly and quarterly financial statements versus the previous periods and year, review financial projections and review all compliance certificates and covenants. Depending upon the nature of our Private Loan portfolio investments, the investment team may also attend board meetings, and meet and discuss issues or opportunities with the portfolio company's management team or private equity owners; however, due to the larger size and nature of our Adviser's "lender only" relationship, with these Private Loan and Middle Market companies in comparison to our LMM portfolio companies, it is not necessary or practical to have as much direct management interface.

As part of the monitoring process of our LMM portfolio investments, the investment team will analyze monthly and quarterly financial statements versus the previous periods and year, review financial projections, meet and discuss issues or opportunities with management, attend board meetings and review all compliance certificates and covenants. While the investment team maintains limited involvement in the ordinary course operations of our LMM portfolio companies, the investment team maintains a higher level of involvement in non-ordinary course financing or strategic activities and any non-performing scenarios.

Our Adviser utilizes an internally developed investment rating system to rate the performance of each Private Loan, LMM and Middle Market portfolio company and to monitor our expected level of returns on each of our Private Loan, LMM and Middle Market investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including, but not limited to, each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

Exit Strategies/Refinancing

While we generally exit most investments through the refinancing or repayment of our debt and redemption or sale of our equity positions, the refinancing or repayment of Private Loan investments and Middle Market debt investments typically do not require our Adviser's assistance due to the additional resources available to these larger Private Loan and Middle Market companies. Our Adviser typically assists our LMM portfolio companies in developing and planning exit opportunities, including any sale or merger of our portfolio companies. Our Adviser may also assist in the structure, timing, execution and transition of the exit strategy.

DETERMINATION OF NET ASSET VALUE AND INVESTMENT PORTFOLIO VALUATION PROCESS

We determine the net asset value ("NAV") per share of our common stock on at least a quarterly basis. The NAV per share is equal to our total assets minus total liabilities divided by the total number of shares of common stock outstanding.

We are required to report our investments at fair value. As a result, the most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. We follow the provisions of the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality

of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

We determine in good faith the fair value of our Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policies and processes are intended to provide a consistent basis for determining the fair value of our Investment Portfolio. See *Note B.1. — Summary of Significant Accounting Policies — Valuation of the Investment Portfolio* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K for a detailed discussion of our Investment Portfolio valuation process and procedures.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

The 1940 Act requires valuation of a portfolio security at “market value” if market quotations for the security are “readily available.” Portfolio securities for which market quotations are not readily available must be valued at fair value as determined in good faith by the board of directors. Rule 2a-5 under the 1940 Act permits a BDC’s board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board.

Our Board of Directors has approved policies and procedures pursuant to Rule 2a-5 (the “Valuation Procedures”) and designated our Adviser, led by a group of Main Street’s and our Adviser’s executive officers, to serve as the Board’s valuation designee thereunder (the “Valuation Committee”). Pursuant to the Valuation Procedures, we undertake a multi-step process each quarter in connection with determining the fair value of our investments.

The following outlines our valuation process as established under the Valuation Procedures:

- Our quarterly process begins with an initial valuation of each portfolio investment performed by the Adviser’s valuation team consisting of several professionals who apply the appropriate valuation methodology depending on the type of investment.
- Each valuation model is then reviewed by the investment team responsible for monitoring the portfolio investment for accuracy, with any recommended changes reviewed by the valuation team.
- Updated valuation conclusions are then reviewed by and discussed with the Valuation Committee at quarterly valuation meetings. Valuation meetings are generally attended by the Valuation Committee, the valuation team, members of the investment team responsible for each investment and members of the compliance team. Valuation models and valuation conclusions are adjusted as necessary following such meetings.
- A nationally recognized independent financial advisory services firm analyzes and provides observations, recommendations and an assurance certification regarding the determinations of the fair value for the majority of our portfolio companies on a rotational basis.
- After incorporating commentary by the Valuation Committee and review of recommendations provided by the independent financial advisory services firm, valuation results are finalized and approved by the Valuation Committee.
- The Board of Directors oversees the process through its Audit Committee in accordance with Rule 2a-5 pursuant to the Valuation Procedures.

Determination of fair value involves subjective judgments and estimates. The notes to our consolidated financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial results and financial condition.

COMPETITION

We compete for investments with a number of investment funds (including private equity funds, mezzanine funds, BDCs and small business investment companies (“SBICs”)), as well as traditional financial services companies such as commercial banks and other sources of financing. Many of the entities that compete with us are larger and have more resources available to them. We believe we are able to be competitive with these entities primarily on the basis of the experience and contacts of our Adviser’s management team and our ability to co-invest with Main Street and funds and other accounts managed by our Adviser, our general focus on smaller companies in both the Middle Market and LMM, which we believe to be underserved in the capital markets, our Adviser’s responsive and efficient investment analysis and decision-making processes, our comprehensive suite of customized financing solutions and the investment terms we offer.

We believe that some of our competitors make senior secured loans, junior secured loans and subordinated debt investments with interest rates and returns that are comparable to or lower than the rates and returns that we target. Therefore, we do not seek to compete primarily on the interest rates and returns that we offer to potential portfolio companies. For additional information concerning the competitive risks we face, see *Item 1A. Risk Factors — Risks Related to Our Business and Structure — We face increasing competition for investment opportunities.*

HUMAN CAPITAL

We do not currently have any employees and do not expect to have any employees in the future. Services necessary for the operation of our business are provided by individuals who are employees of Main Street, which wholly-owns our Adviser, pursuant to the terms of the Investment Advisory Agreement. Each of our executive officers is an employee of Main Street. Our day-to-day investment activities are managed by the Adviser. The services necessary for the origination and monitoring of our Investment Portfolio are provided by investment professionals of the Adviser, who are all employed by Main Street. As of December 31, 2023, Main Street had 100 employees, 55 of whom it categorizes as investment and portfolio management professionals, and the others include operations professionals and administrative staff. Because we have no employees, we do not have a formal employee relations policy.

REGULATION

Regulation as a Business Development Company

We have elected to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates, principal underwriters and affiliates of those affiliates or underwriters. The 1940 Act requires that a majority of the members of the board of directors of a BDC be persons other than “interested persons,” as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities.

The 1940 Act defines “a majority of the outstanding voting securities” as the lesser of (i) 67% or more of the voting securities present at a meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy or (ii) more than 50% of our outstanding voting securities.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company’s total assets. The principal categories of qualifying assets relevant to our business are any of the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company (as defined below), or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC.
- (2) Securities of any eligible portfolio company that we control.

- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above.

An eligible portfolio company is defined in the 1940 Act as any issuer which:

- (a) is organized under the laws of, and has its principal place of business in, the United States;
- (b) is not an investment company (other than a small business investment company wholly-owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
- (c) satisfies any of the following:
 - (i) does not have any class of securities that is traded on a national securities exchange or has a class of securities listed on a national securities exchange but has an aggregate market value of outstanding voting and non-voting common equity of less than \$250 million;
 - (ii) is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or
 - (iii) is a small and solvent company having total assets of not more than \$4 million and capital and surplus of not less than \$2 million.

Managerial Assistance to Portfolio Companies

As noted above, a BDC must be operated for the purpose of making investments in the type of securities described in (1), (2) or (3) above under the heading entitled “— Qualifying Assets.” In addition, BDCs must generally offer to make available to such issuer of the securities (other than small and solvent companies described above) significant managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. However, if a BDC purchases securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such significant managerial assistance on behalf of all investors in the group.

Temporary Investments

Pending investment in “qualifying assets,” as described above, our investments may consist of cash, cash equivalents, U.S. government securities and high-quality debt securities maturing in one year or less from time of investment therein, so that 70% of our assets are qualifying assets.

Senior Securities

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% of all debt and/or senior stock immediately after each such issuance. However, 2018 legislation modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur such that a BDC's asset coverage ratio could be reduced from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. We are permitted to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive such stockholder approval, we would be permitted to increase our leverage capacity on the first day after such approval. Alternatively, we may increase the maximum amount of leverage we may incur to an asset coverage ratio of 150% if the "required majority" of our independent directors as defined in Section 57(o) of the 1940 Act approve such increase with such approval becoming effective after one year. In either case, because our common stock is not listed on a national securities exchange, we would also be required to offer to repurchase 100% of the shares of our stockholders as of the date of the requisite approval over the following year (25% in each of the following four quarters). We have not requested or obtained either such approval.

In addition, while any senior securities remain outstanding (other than senior securities representing indebtedness issued in consideration of a privately arranged loan which is not intended to be publicly distributed), we must generally include provisions in the documents governing new senior securities to prohibit any cash distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage with such borrowings not constituting senior securities for purposes of the asset coverage ratio requirements of the 1940 Act. A loan is presumed to be for temporary purposes if it is repaid within sixty days and not extended or renewed. For a discussion of the risks associated with leverage, see *Item 1A. Risk Factors — Risks Related to Leverage* including, without limitation, — *Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.*

Common Stock

We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current NAV of the common stock if our Board of Directors determines that such sale is in our best interests and that of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). We have never sought such stockholder authorization to sell shares of our common stock below the then current NAV per share of our common stock.

Code of Ethics

We have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. The code of ethics is available on the EDGAR Database on the SEC's website at <http://www.sec.gov>.

Proxy Voting Policies and Procedures

We vote proxies relating to our portfolio securities in a manner in which we believe is consistent with the best interest of our stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that we expect would have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

Our proxy voting decisions are made by the investment team which is responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, we require that anyone involved in the decision-making process discloses to our chief compliance officer any potential conflict regarding a proxy vote of which he or she is aware.

Stockholders may obtain information, without charge, regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056.

Other 1940 Act Regulations

We are also prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our Board of Directors who are not interested persons and, in some cases, prior approval by the SEC.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We and our Adviser are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures no less frequently than annually for their adequacy and the effectiveness of their implementation, and to designate a chief compliance officer to be responsible for administering the policies and procedures.

We may be periodically examined by the SEC for compliance with the 1940 Act.

Securities Exchange Act of 1934 and Sarbanes-Oxley Act Compliance

We are subject to the reporting and disclosure requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act of 2002, which imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the consolidated financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Investment Adviser Regulations

Our Adviser is subject to regulation under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Advisers Act establishes, among other things, recordkeeping and reporting requirements, disclosure requirements, limitations on transactions between the adviser's account and an advisory client's account, limitations on transactions between the accounts of advisory clients, and general anti-fraud prohibitions. Our Adviser may be examined by the SEC from time to time for compliance with the Advisers Act.

Taxation as a Regulated Investment Company

MSIF has elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. MSIF's taxable income includes the taxable income generated by MSIF and certain of its subsidiaries, which are treated as disregarded entities for tax purposes. As a RIC, MSIF generally will not pay corporate-level U.S. federal income taxes on any income that we distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC

tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our “investment company taxable income,” which is generally our net ordinary taxable income plus the excess of realized net short-term capital gains over realized net long-term capital losses, and 90% of our tax-exempt income (the “Annual Distribution Requirement”). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

For any taxable year in which we qualify as a RIC and satisfy the Annual Distribution Requirement, we will not be subject to U.S. federal income tax on the portion of our income or capital gains we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

We are subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary taxable income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any taxable income recognized, but not distributed, in preceding years on which we paid no U.S. federal income tax (the “Excise Tax Avoidance Requirement”). Dividends declared and paid by us in a year will generally differ from taxable income for that year as such dividends may include the distribution of current year taxable income, exclude amounts carried over into the following year, and include the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay the 4% U.S. federal excise tax on the excess of 98% of our annual investment company taxable income and 98.2% of our capital gain net income over our distributions for the year.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- continue to qualify as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain “qualified publicly traded partnerships,” or other income derived with respect to our business of investing in such stock or securities (the “90% Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year:
 - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
 - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain “qualified publicly traded partnerships” (collectively, the “Diversification Tests”).

In order to comply with the 90% Income Test, we formed the Taxable Subsidiaries as wholly-owned taxable subsidiaries for the primary purpose of permitting us to own equity interests in portfolio companies which are “pass-through” entities for tax purposes. Absent the taxable status of the Taxable Subsidiaries, a portion of the gross income from such portfolio companies would flow directly to us for purposes of the 90% Income Test. To the extent such income did not consist of income derived from securities, such as dividends and interest, it could jeopardize our ability to qualify as a RIC and, therefore, cause us to incur significant U.S. federal income taxes. The Taxable Subsidiaries are consolidated with MSC Income Fund for generally accepted accounting principles in the United States of America (“U.S. GAAP”) purposes and are included in our consolidated financial statements, and the portfolio investments held by the Taxable Subsidiaries are included in our consolidated financial statements. The Taxable Subsidiaries are not consolidated with MSIF for income tax purposes and may generate income tax expense, or benefit, as a result of their ownership of the portfolio investments. The income tax expense, or benefit, if any, and any related tax assets and liabilities, are reflected in our consolidated financial statements.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants and debt securities invested in at a discount to par), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash such as PIK interest, cumulative dividends or amounts that are received in non-cash compensation such as warrants or stock. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders in certain circumstances while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. See Regulation — Regulation as a Business Development Company — Senior Securities. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the U.S. Department of the Treasury (“Treasury”) regulations, distributions payable by us in cash or in shares of stock (at the stockholders’ election) would satisfy the Annual Distribution Requirement. The Internal Revenue Service has issued guidance indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. According to this guidance, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as (i) ordinary income (including any qualified dividend income that, in the case of a noncorporate stockholder, may be eligible for the same reduced maximum tax rate applicable to long-term capital gains to the extent such distribution is properly reported by us as qualified dividend income and such stockholder satisfies certain minimum holding period requirements with respect to our stock) or (ii) long-term capital gain (to the extent such distribution is properly reported as a capital gain dividend), to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock.

Failure to Qualify as a RIC

If we fail to satisfy the 90% Income Test or the Diversification Tests for any taxable year, we may nevertheless continue to qualify as a RIC for such year if certain relief provisions are applicable (which may, among other things, require us to pay certain corporate-level U.S. federal taxes or to dispose of certain assets). We cannot assure you that we would qualify for any such relief should we fail the 90% Income Test or the Diversification Tests.

If we were unable to qualify for treatment as a RIC and the foregoing relief provisions are not applicable, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. If we were subject to tax on all of our taxable income at regular corporate rates, then distributions we make after being subject to such tax would be taxable to our stockholders and, provided certain holding period and other requirements were met, could qualify for treatment as “qualified dividend income” eligible for the maximum 20% rate (plus a 3.8% Medicare surtax, if applicable) applicable to qualified dividends to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate taxpayers would be eligible for a dividends-received deduction on distributions they receive. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder’s tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC

no later than the second year following the nonqualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent five years, unless we made a special election to pay corporate-level U.S. federal income tax on such built-in gain at the time of our requalification as a RIC.

Item 1A. Risk Factors

Investing in our securities involves a number of significant risks. In addition to the other information contained in this Annual Report on Form 10-K, you should consider carefully the following information before making an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our NAV and the value of our other securities could decline, and you may lose all or part of your investment.

SUMMARY OF RISK FACTORS

The following is a summary of the principal risk factors associated with an investment in our securities. Further details regarding each risk included in the below summary list can be found further below.

Risks Related to our Business and Structure

- Because our Investment Portfolio is recorded at fair value, there is and will continue to be uncertainty as to the value of our portfolio investments.
- Our financial condition and results of operations depends on our Adviser's ability to effectively manage and deploy capital.
- We are subject to risks associated with the interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments.
- We face increasing competition for investment opportunities.
- We are dependent upon our Adviser's key investment personnel for our future success.
- Our success depends on our Adviser's ability to attract and retain qualified personnel in a competitive environment.
- We may not replicate the historical results achieved by Main Street or by other entities managed by our Adviser.
- Our business model depends to a significant extent upon strong referral relationships.
- Our Board of Directors may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Risks Related to our Investments

- The types of portfolio companies in which we invest involve significant risks and we could lose all or part of our investment.
- Economic recessions or downturns could impair our portfolio companies' performance and defaults by our portfolio companies will harm our operating results.
- Rising credit spreads could affect the value of our investments, and rising interest rates make it more difficult for portfolio companies to make periodic payments on their loans.
- Inflation could adversely affect the business, results of operations and financial condition of our portfolio companies.
- We may be exposed to higher risks with respect to our investments that include original issue discount or PIK interest.
- The lack of liquidity in our investments may adversely affect our business.
- We may not have the funds or ability to make additional investments in our portfolio companies.
- There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.
- We generally will not control our portfolio companies.
- Defaults by our portfolio companies will harm our operating results.
- Any unrealized depreciation that we experience in our portfolio may be an indication of future realized losses, which could reduce our income and gains available for distribution.
- Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.
- The discontinuation and replacement of LIBOR may adversely affect the value of floating-rate debt securities in our portfolio or issued by us.

- We may be subject to risks associated with “covenant-lite” loans.
- We may not realize gains from our equity investments.

Risks Related to Leverage

- Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.
- All of our assets are subject to security interests under our senior securities and if we default on our obligations under our senior securities, we may suffer adverse consequences, including foreclosure on our assets.
- We are subject to risks associated with any revolving credit facility that utilizes a Structured Subsidiary as our interests in any Structured Subsidiary are subordinated and we could be prevented from receiving cash on our equity interests from a Structured Subsidiary.

Risks Related to our Adviser and its Affiliates

- Our Adviser has conflicts of interest that may create an incentive for the Adviser to enter into investments that are riskier or more speculative than would otherwise be the case and our Adviser may have an incentive to increase portfolio leverage in order to earn higher management fees.
- We may be obligated to pay our Adviser incentive compensation even if we incur a net loss due to a decline in the value of our portfolio.
- Our Adviser may face conflicts of interest in allocating investment opportunities between us, Main Street and the other funds and accounts managed by our Adviser.
- Our Adviser’s liability is limited under the Investment Advisory Agreement, and we have agreed to indemnify our Adviser against certain liabilities, which may lead our Adviser to act in a riskier manner on our behalf than it would when acting for its own account.
- Our Adviser can resign on 120 days’ notice and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Risks Related to BDCs

- Operating under the constraints imposed on us as a BDC and RIC may hinder the achievement of our investment objectives.

Risks Related to our Securities

- Investing in our securities may involve a high degree of risk.
- Our shares of common stock are not listed on an exchange or quoted through a quotation system and may not be listed in the foreseeable future, if ever. Therefore, our stockholders will have limited liquidity and may not receive a full return of their invested capital if they sell their shares of common stock.
- Our share repurchase program allows us to repurchase our stockholders’ shares on a quarterly basis, subject to certain restrictions and limitations. As a result, our stockholders will have limited opportunities to sell their shares and, to the extent they are able to sell their shares under the program, our stockholders may not be able to recover the amount of their investment in our shares.
- Our repurchase offers pursuant to our share repurchase program may be at prices lower than the price paid by our stockholders to purchase our common stock.
- We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital.

Federal Income Tax Risks

- We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code.
- We may have difficulty paying the distributions required to maintain RIC tax treatment under the Code if we recognize income before or without receiving cash representing such income.

General Risk Factors

- Events outside of our control, including public health crises, supply chain disruptions and inflation, could negatively affect our portfolio companies and the results of our operations.
- We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability in the future.
- Failure to comply with applicable laws or regulations and changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

- We are highly dependent on information systems and systems failures could significantly disrupt our business.

RISKS RELATED TO OUR BUSINESS AND STRUCTURE

Because our Investment Portfolio is recorded at fair value, there is and will continue to be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us pursuant to procedures established and overseen by our Board of Directors. Typically, there is not a public market for the securities of the privately held companies in which we invest through our Private Loan and LMM investment strategies. As a result, we value these securities quarterly at fair value based on inputs from management and a nationally recognized independent financial advisory services firm (on a rotational basis) pursuant to Valuation Procedures approved by our Board of Directors. In addition, the market for investments in companies that we invest through our Middle Market investment strategy is generally not a liquid market, and therefore, we primarily use a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs, pursuant to our Valuation Procedures. See *Note B.1. — Summary of Significant Accounting Policies — Valuation of the Investment Portfolio* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K for a detailed discussion of our Investment Portfolio valuation process and procedures.

The determination of fair value and consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree, subjective and dependent on a valuation process approved by our Board of Directors. Certain factors that may be considered in determining the fair value of our investments include external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of securities in privately held companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our NAV on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our securities based on an overstated NAV would pay a higher price than the value of our investments might warrant. Conversely, investors selling our securities during a period in which the NAV understates the value of our investments may receive a lower price for their securities than the value of our investments might warrant.

Our financial condition and results of operations depends on our Adviser's ability to effectively manage and deploy capital.

Our ability to achieve our investment objective of maximizing our portfolio's total return by generating current income from our debt investments and current income and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company, depends on our Adviser's ability to effectively manage and deploy capital, which depends, in turn, on our Adviser's investment team's ability to identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

Accomplishing our investment objective on a cost-effective basis is largely a function of our investment team's handling of the investment process, its ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, members of our investment team are also called upon, from time to time, to provide managerial assistance to some of our portfolio companies. These demands on their time may distract them or slow the rate of investment.

Even if we are able to grow and build upon our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if our Adviser cannot successfully operate our business or implement our investment policies and strategies as described herein, it could negatively impact our ability to pay dividends.

We are subject to risks associated with the interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments.

To the extent we borrow money or issue debt securities or preferred stock to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. In addition, many of our debt investments and borrowings have floating interest rates that reset on a periodic basis, and many of our investments are subject to interest rate floors. As a result, a change in market interest rates could have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds will increase because the interest rates on the amounts borrowed under our credit facilities are floating, and any new fixed rate debt may be issued at higher coupon rates, which could reduce our net investment income to the extent any debt investments have either fixed interest rates, or in periods when debt investments with floating interest rates are subject to an interest rate floor above then current levels. In periods of declining interest rates, our interest income and our net investment income could be reduced as the interest income earned on our floating rate debt investments declines and any new fixed rate debt may be issued at lower coupon rates. See further discussion and analysis at *Item 7A. Quantitative and Qualitative Disclosures about Market Risk*.

We can use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques could include various interest rate hedging activities to the extent permitted by the 1940 Act and applicable commodities laws. These activities could limit our ability to participate in the benefits of lower interest rates with respect to the hedged borrowings. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations.

An increase in the market pricing of the spreads charged over index rates on floating rate investments could lead to a decline in the fair value of the debt securities we own, which would adversely affect our NAV. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividends, which could reduce the value of our common stock.

We face increasing competition for investment opportunities.

We compete for investments with other investment funds (including private equity funds, debt funds, mezzanine funds, collateralized loan obligation funds, or CLOs, BDCs and SBICs), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in LMM companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC.

We are dependent upon our Adviser's key investment personnel for our future success.

We depend on the members of our Adviser's investment team, particularly Dwayne L. Hyzak, David L. Magdol, Jesse E. Morris, Jaime Arreola, K. Colton Braud, III, Damian T. Burke, Samuel A. Cashiola, Diego Fernandez and Nicholas T. Meserve for the identification, review, final selection, structuring, closing and monitoring of our investments. These individuals have significant investment expertise and relationships that we rely on to implement our business plan. Although these executive officers and other key personnel have entered into non-compete arrangements with our Adviser or an affiliate of our Adviser, we cannot guarantee that any of these individuals will remain available to us. If we lose the services of the individuals mentioned above, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer.

Our success depends on our Adviser's ability to attract and retain qualified personnel in a competitive environment.

Our growth will require that our Adviser is able to retain new investment and administrative personnel in a competitive market. Our Adviser's ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds, debt funds and mezzanine funds) and traditional financial services companies, with which our Adviser competes for experienced personnel have greater resources than our Adviser has.

The competitive environment for qualified personnel may require our Adviser to take certain measures to ensure that it is able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of its overall compensation packages, altering the structure of its compensation packages through the use of additional forms of compensation, or other steps. The inability of our Adviser to attract and retain experienced personnel would have a material adverse effect on our business.

We may not replicate the historical results achieved by Main Street or by other entities managed by our Adviser.

Although our primary focus in making investments is similar to that of Main Street, the parent company of our Adviser, we cannot assure stockholders that we will be able to replicate the historical results achieved by Main Street or other investment funds or accounts managed by our Adviser. Because of the differences in our business structure and portfolio composition, our investment returns could be substantially lower than the returns achieved by Main Street or other investment funds or accounts managed by our Adviser in prior periods. Additionally, all or a portion of the prior results may have been achieved in particular market conditions that may never be repeated. Moreover, current or future market volatility and regulatory uncertainty may have an adverse impact on our future performance.

Our business model depends to a significant extent upon strong referral relationships.

We expect that members of our management team will maintain their relationships with intermediaries, financial institutions, investment bankers, commercial bankers, financial advisors, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our management team fails to maintain its existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our Investment Portfolio. In addition, individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

Our Board of Directors may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Our Board of Directors has the authority to modify or waive our current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, NAV, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay interest and principal payments to holders of our debt instruments and dividends to our stockholders and cause our investors to lose all or part of their investment in us.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Under the 1940 Act, a "diversified" investment company is required to invest at least 75% of the value of its total assets in cash and cash items, government securities, securities of other investment companies and other securities limited in respect of any one issuer to an amount not greater than 5% of the value of the total assets of such company and no more than 10% of the outstanding voting securities of such issuer. As a non-diversified investment company, we are not subject to this requirement. To the extent that we assume large positions in the securities of a small number of issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset diversification requirements, we do not have

fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies. See *Risk Factors — Federal Income Tax Risks — We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code.*

We and our portfolio companies may maintain cash balances at financial institutions that exceed federally insured limits and may otherwise be materially affected by adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties.

Cash held by us and by our portfolio companies in non-interest-bearing and interest-bearing operating accounts may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. If such banking institutions were to fail, we or our portfolio companies could lose all or a portion of those amounts held in excess of such insurance limitations. In addition, actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems, which could adversely affect our and our portfolio companies’ business, financial condition, results of operations or prospects.

Although we assess our portfolio companies’ banking relationships as we believe necessary or appropriate, our and our portfolio companies’ access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our respective current and projected future business operations could be significantly impaired by factors that affect us or our portfolio companies, the financial institutions with which we or our portfolio companies have arrangements directly or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we or our portfolio companies have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us or our portfolio companies to acquire financing on acceptable terms or at all.

We are subject to risks related to corporate social responsibility.

Our business faces increasing public scrutiny related to environmental, social and governance (“ESG”) activities. We risk damage to our brand and reputation if we or our Adviser fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business.

RISKS RELATED TO OUR INVESTMENTS

The types of portfolio companies in which we invest involve significant risks and we could lose all or part of our investment.

Investing in the types of companies that comprise our portfolio companies exposes us to a number of significant risks. Among other things, these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;

- may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, termination or significant under-performance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our Adviser's management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

In addition certain of our officers and directors or officers and directors of our Adviser may serve as directors on the boards of our portfolio companies. To the extent that litigation arises out of our investments in these companies, our officers and directors or officers and directors of our Adviser may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources.

Economic recessions or downturns could impair our portfolio companies' performance and defaults by our portfolio companies will harm our operating results.

Many of our portfolio companies are susceptible to economic slowdowns or recessions and could be unable to repay our loans during these periods. Therefore, the number of non-performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions could decrease the value of collateral securing any of our loans and the value of any equity investments. A severe recession could further decrease the value of such collateral and result in losses of value in our portfolio and a decrease in our revenues, net income, assets and net worth. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results.

Any deterioration of general economic conditions could lead to significant declines in corporate earnings or loan performance, and the ability of corporate borrowers to service their debt, any of which could trigger a period of global economic slowdown, and have an adverse impact on our performance and financial results, and the value and the liquidity of our investments. In an economic downturn, we could have non-performing assets or an increase in non-performing assets, and we would anticipate that the value of our portfolio would decrease during these periods. Failure to satisfy financial or operating covenants imposed by lenders, including us, to a portfolio company could lead to defaults and, potentially, acceleration of payments on such loans and foreclosure on the assets representing collateral for the portfolio company's obligations. Cross default provisions under other agreements could be triggered and thus limit the portfolio company's ability to satisfy its obligations under any debt that we hold and affect the value of any equity securities we own. We would expect to incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a portfolio company following or in anticipation of a default.

Rising credit spreads could affect the value of our investments, and rising interest rates make it more difficult for portfolio companies to make periodic payments on their loans.

Some of our portfolio investments are debt securities that bear interest at variable rates and may be negatively affected by changes in market interest rates. Rising interest rates make it more difficult for borrowers to repay debt, which could increase the risk of payment defaults and cause the portfolio companies to defer or cancel needed investment. Any failure of one or more portfolio companies to repay or refinance its debt at or prior to maturity or the inability of one or more portfolio companies to make ongoing payments following an increase in contractual interest rates could have a

material adverse effect on our business, financial condition, results of operations and cash flows. The value of our securities could also be reduced from an increase in market credit spreads as rates available to investors could make an investment in our securities less attractive than alternative investments.

Conversely, decreases in market interest rates could negatively impact the interest income from our variable rate debt investments while the interest we pay on our fixed rate debt securities does not change. A decrease in market interest rates may also have an adverse impact on our returns by requiring us to accept lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates.

Inflation could adversely affect the business, results of operations and financial condition of our portfolio companies.

Certain of our portfolio companies are in industries that could be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay dividends on our equity investments and/or interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net increase (decrease) in net assets resulting from operations.

We may be exposed to higher risks with respect to our investments that include original issue discount or PIK interest.

Our investments may include original issue discount and contractual PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan's term. To the extent original issue discount or PIK interest constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- original issue discount and PIK instruments may have higher yields, which reflect the payment deferral and credit risk associated with these instruments;
- for accounting purposes, cash distributions to investors representing original issue discount income are not derived from paid in capital, although they may be effectively paid from any offering proceeds during any given period; thus, although the source for the cash used to pay a distribution of original issue discount income may come from the cash invested by investors, the 1940 Act does not require that investors be given notice of this fact;
- original issue discount and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of the collateral; and
- original issue discount and PIK instruments may represent a higher credit risk than coupon loans; even if the conditions for income accrual under U.S. GAAP are satisfied, a borrower could still default when actual payment is due upon the maturity of such loan.

The lack of liquidity in our investments may adversely affect our business.

We generally invest in companies whose securities are not publicly traded and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price and, as a result, we may suffer losses.

We may not have the funds or ability to make additional investments in our portfolio companies.

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the extension of additional loans, the exercise of a warrant to

purchase equity securities, or the funding of additional equity investments. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation, may reduce our ability to protect an existing investment or may reduce the expected yield on the investment.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Even if our investment is structured as a senior-secured loan, principles of equitable subordination, as defined by existing case law, could lead a bankruptcy court to subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

We generally will not control our portfolio companies.

We do not, and do not expect to, control the decision making in many of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest will make business decisions with which we disagree and the management of such company will take risks or otherwise act in ways that do not serve our interests as debt investors or minority equity holders. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that would decrease the value of our portfolio holdings.

Defaults by our portfolio companies will harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to non-payment of interest and other defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Any unrealized depreciation that we experience in our portfolio may be an indication of future realized losses, which could reduce our income and gains available for distribution.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in accordance with our Valuation Procedures adopted pursuant to Rule 2a-5 under the 1940 Act. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to affected loans or a potential impairment of the value of affected equity investments. This

could result in realized losses in the future and ultimately in reductions of our income and gains available for distribution in future periods.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities.

The discontinuation and replacement of LIBOR may adversely affect the value of floating-rate debt securities in our portfolio or issued by us.

As of June 30, 2023, no settings of LIBOR continue to be published on a representative basis and publication of many non-U.S. dollar LIBOR settings have been entirely discontinued. On July 29, 2021, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, recommended replacing U.S. dollar LIBOR with alternative reference rates based on the Secured Overnight Financing Rate (“SOFR”). SOFR significantly differs from LIBOR, both in the actual rate and how it is calculated. Further, on March 15, 2022, the Consolidated Appropriations Act of 2022, which includes the Adjustable Interest Rate (LIBOR) Act (“LIBOR Act”), was signed into law in the United States. This legislation established a uniform benchmark replacement process for certain financial contracts that mature after June 30, 2023 that do not contain clearly defined or practicable LIBOR fallback provisions. The legislation also created a safe harbor that shields lenders from litigation if they choose to utilize a replacement rate recommended by the Board of Governors of the U.S. Federal Reserve. In addition, the U.K. Financial Conduct Authority, which regulates the publisher of LIBOR (ICR Benchmark Administration) has announced that it required the continued publication of one, three and six month tenors of U.S. dollar LIBOR on a non-representative synthetic basis until the end of September 2024, which may result in certain non-U.S. law-governed contracts and U.S. law-governed contracts not being covered by the federal legislation remaining on synthetic U.S. dollar LIBOR until the end of this period. The transition from LIBOR as a result of certain statutory regimes (e.g., N.Y. Gen. Oblig. Law § 18-401 or the Adjustable Interest Rate (LIBOR) Act) or the use of synthetic LIBOR in floating-rate debt securities in our portfolio or issued by us and could have a material and adverse impact on the value or liquidity of those instruments.

Given the inherent difference between LIBOR and SOFR, or any other alternative benchmark rate established, there are many uncertainties regarding a transition from LIBOR, including, but not limited to, the need to amend contracts which continue to reference LIBOR and how the transition from LIBOR will impact the cost of variable rate debt and certain derivative financial instruments. In addition, SOFR or other replacement rates may fail to gain market acceptance. Any failure of SOFR or alternative reference rates to gain market acceptance could adversely affect the return on or value of the market for securities linked to such rates. The elimination of LIBOR, the replacement of LIBOR with any alternative reference rate, such as SOFR (or an alternative reference rate based on SOFR) or any other changes or reforms to floating rate benchmarks could have an adverse impact on the market value of and/or transfer ability of any floating-rate debt securities in our portfolio or issued by us.

The IRS has issued regulations regarding the tax consequences of the transition from LIBOR or another interbank offered rate (“IBOR”) to a new reference rate in debt instruments and non-debt contracts. Under the regulations, alteration or modification of the terms of a debt instrument to replace an operative rate that uses a discontinued IBOR with a qualified rate (as defined in the regulations) including true up payments equalizing the fair market value of contracts before and after such IBOR transition, to add a qualified rate as a fallback rate to a contract whose operative rate uses a discontinued IBOR or to replace a fallback rate that uses a discontinued IBOR with a qualified rate would not be taxable. The IRS may provide additional guidance, with potential retroactive effect.

We may be subject to risks associated with “covenant-lite” loans.

Some of the loans in which we invest may be “covenant-lite” loans, which means the loans contain fewer maintenance covenants than other loans (in some cases, none) and do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. Generally, “covenant-lite” loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower’s financial condition. To the extent we invest in covenant-lite loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in loans with finance maintenance covenants.

We may not realize gains from our equity investments.

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non-control, equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We often seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer; however, we may be unable to exercise these put rights for the consideration provided in our investment documents if the issuer is in financial distress.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in debt securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in securities of U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments.

RISKS RELATED TO LEVERAGE

Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

Borrowings, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on investments in our equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent we use leverage. Such events could result in a substantial loss to us, which would be greater than if leverage had not been used. In addition, our investment objectives are dependent on the continued availability of leverage at attractive relative interest rates.

We may also borrow from banks and other lenders and may issue debt securities or enter into other types of borrowing arrangements in the future. Lenders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We have the ability to pledge up to 100% of our assets and can grant a security interest in all of

our assets under the terms of any debt instruments we could enter into with lenders. The terms of our existing indebtedness require us to comply with certain financial and operational covenants, and we expect similar covenants in future debt instruments. Failure to comply with such covenants could result in a default under the applicable credit facility or debt instrument if we are unable to obtain a waiver from the applicable lender or holder, and such lender or holder could accelerate repayment under such indebtedness and negatively affect our business, financial condition, results of operations and cash flows. In addition, under the terms of any credit facility or other debt instrument we enter into, in the event of a default, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Resources* for a discussion regarding our outstanding indebtedness.

If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged our business. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities.

Illustration: The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below.

Assumed Return on Our Portfolio⁽¹⁾ (net of expenses)	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Corresponding Net Return to Common Stock Holder ⁽²⁾	(23.8)%	(14.7)%	(5.5)%	3.6%	12.8%

(1) Assumes, as of December 31, 2023, \$1,139.9 million in total assets, \$485.7 million in debt outstanding, \$622.3 million in net assets and a weighted-average interest rate of 7.1%. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our December 31, 2023 total assets of at least 8.0%.

Our ability to achieve our investment objective may depend in part on our ability to access additional leverage on favorable terms and there can be no assurance that such additional leverage can in fact be achieved. If we are unable to obtain leverage or if the interest rates of such leverage are not attractive, we could experience diminished returns. The number of leverage providers and the total amount of financing available could decrease or remain static.

All of our assets are subject to security interests under our senior securities and if we default on our obligations under our senior securities, we may suffer adverse consequences, including foreclosure on our assets.

Substantially all of our assets are currently pledged as collateral under our senior securities, including any credit facilities or notes. If we default on our obligations under our senior securities, our lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our stockholders. In addition, if the lenders exercise their right to sell the assets pledged under our senior securities, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the senior securities.

If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders under our senior securities to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under our senior securities. If we breach our covenants under our senior securities and seek a waiver, we may not be able to obtain a waiver from the required lenders or debt holders. If this occurs, we would be in default under our

senior securities, the lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because certain of our senior securities have customary cross-default provisions, if the indebtedness under our senior securities is accelerated, we may be unable to repay or finance the amounts due.

We are subject to risks associated with any revolving credit facility that utilizes a Structured Subsidiary as our interests in any Structured Subsidiary are subordinated and we could be prevented from receiving cash on our equity interests from a Structured Subsidiary.

We own directly or indirectly 100% of the equity interests in MSIF Funding, LLC (“MSIF Funding”), a special purpose Structured Subsidiary utilized in our senior secured special purpose vehicle revolving credit facility (the “SPV Facility”). We consolidate the financial statements of the MSIF Funding in our consolidated financial statements and treat the indebtedness under the SPV Facility as our leverage. Our interest in MSIF Funding is subordinated in priority of payment to every other obligation of MSIF Funding and is subject to certain payment restrictions set forth in the SPV Facility.

We receive cash from MSIF Funding only to the extent that we receive distributions on our equity interests therein. MSIF Funding could make distributions on its equity interests only to the extent permitted by the payment priority provisions of the SPV Facility. The SPV Facility generally provides that payments on the respective interests could not be made on any payment date unless all amounts owing to the lenders and other secured parties are paid in full. In addition, if MSIF Funding does not meet the leverage and borrowing base requirements set forth in the agreement governing the SPV Facility, a default could occur. In the event of a default under the SPV Facility credit agreement, cash would be diverted from us to pay the applicable lenders and other secured parties in amounts sufficient to cause such tests to be satisfied. In the event that we fail to receive cash from MSIF Funding, we could be unable to make distributions to our stockholders in amounts sufficient to maintain our status as a RIC, or at all. We also could be forced to sell investments in portfolio companies at less than their fair value in order to continue making such distributions. We cannot assure you that distributions on the assets held by MSIF Funding will be sufficient to make any distributions to us or that such distributions will meet our expectations.

Our equity interest in MSIF Funding ranks behind all of the secured and unsecured creditors, known or unknown, including the lenders in the SPV Facility. Consequently, to the extent that the value of MSIF Funding’s portfolio of loan investments has been reduced as a result of conditions in the credit markets, defaulted loans, capital gains and losses on the underlying assets, prepayment or changes in interest rates, the returns on our investments in MSIF Funding could be reduced. Accordingly, our investments in MSIF Funding could be subject to up to 100% loss.

The ability to sell investments held by a Structured Subsidiary is limited.

The credit agreement governing the SPV Facility places significant restrictions on our ability, as servicer, to sell investments. As a result, there could be times or circumstances during which we are unable to sell investments or take other actions that might be in our best interests.

We may invest in derivatives or other assets that expose us to certain risks, including market risk, liquidity risk and other risks similar to those associated with the use of leverage.

We may invest in derivatives and other assets that are subject to many of the same types of risks related to the use of leverage. Derivative transactions, if any, will generally create leverage for us and involve significant risks. The primary risks related to derivative transactions include counterparty, correlation, liquidity, leverage, volatility, over-the-counter trading, operational and legal risks. In addition, a small investment in derivatives could have a large potential impact on our performance, effecting a form of investment leverage on our portfolio. In certain types of derivative transactions, we could lose the entire amount of our investment; in other types of derivative transactions the potential loss is theoretically unlimited.

Under SEC Rule 18f-4 under the 1940 Act (“Rule 18f-4”), related to use of derivatives, short sales, reverse repurchase agreements and certain other transactions by registered investment companies, we are permitted to enter into derivatives and other transactions that create future payment or delivery obligations, including short sales, notwithstanding the senior security provision of the 1940 Act if we comply with certain value-at-risk leverage limits, a derivatives risk management program and board oversight and reporting requirements or comply with a “limited derivatives users” exception. Rule 18f-4 also permits us to enter into reverse repurchase agreements or similar financing transactions

notwithstanding the senior security provision of the 1940 Act if we aggregate the amount of indebtedness associated with our reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing indebtedness when calculating the asset coverage ratios as discussed herein. In addition, we are permitted to invest in a security on a when-issued or forward-settling basis, or with a non-standard settlement cycle, and the transaction will be deemed not to involve a senior security under the 1940 Act, provided that (i) we intend to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date (the “Delayed-Settlement Securities Provision”). We may otherwise engage in such transaction as a “derivatives transaction” for purposes of compliance with the rule. Furthermore, we are permitted to enter into an unfunded commitment agreement, and such unfunded commitment agreement will not be subject to the asset coverage requirements under the 1940 Act if we reasonably believe, at the time we enter into such agreement, that we will have sufficient cash and cash equivalents to meet our obligations with respect to all such agreements as they come due. We cannot predict the effects of these requirements.

We have adopted updated policies and procedures in compliance with Rule 18f-4. We expect to qualify as a “limited derivatives user.” Future legislation or rules may modify how we treat derivatives and other financial arrangements for purposes of our compliance with the leverage limitations of the 1940 Act. Future legislation or rules may modify how leverage is calculated under the 1940 Act and, therefore, may increase or decrease the amount of leverage currently available to us under the 1940 Act, which may be materially adverse to us and our investors.

RISKS RELATED TO OUR ADVISER AND ITS AFFILIATES

Our Adviser has conflicts of interest that may create an incentive for the Adviser to enter into investments that are riskier or more speculative than would otherwise be the case and our Adviser may have an incentive to increase portfolio leverage in order to earn higher management fees.

Our Adviser and its affiliates, including our officers, may have conflicts of interest as a result of compensation arrangements, time constraints and competition for investments, which they will attempt to resolve in a fair and equitable manner, but which may result in actions that are not in the best interests of our stockholders. Our Adviser receives substantial fees from us in return for its services and these fees could influence the investment and other decisions they make on our behalf. Among other matters, the compensation arrangements could affect its judgment with respect to public offerings of equity by us, which may allow our Adviser to earn increased management fees.

The incentive fee payable by us to our Adviser may create an incentive for it to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to our Adviser is determined may encourage it to use leverage to increase the return on our investments. In addition, the fact that our management fee is payable based upon our gross assets, which includes any borrowings for investment purposes, may encourage our Adviser to use leverage to make additional investments. Under certain circumstances, the use of leverage (or an investment in companies that are highly leveraged) may increase the likelihood of default, which would result in higher investment losses.

We may be obligated to pay our Adviser incentive compensation even if we incur a net loss due to a decline in the value of our portfolio.

The Investment Advisory Agreement entitles our Adviser to receive incentive compensation on income regardless of any capital losses. In such case, we may be required to pay our Adviser incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or if we incur a net loss for that quarter.

Any incentive fee payable by us that relates to our net investment income may be computed and paid on income that may include interest that has been accrued but not yet received. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously included in the calculation of the incentive fee will become uncollectible. Pursuant to the Investment Advisory Agreement, our Adviser will not be under any obligation to reimburse us for any part of the incentive fee it received that was based on accrued income that we never received in cash as a result of a default by an entity on the obligation that resulted in the accrual of such income and such circumstances would result in our paying an incentive fee on income we never received.

Our Adviser may face conflicts of interest in allocating investment opportunities between us, Main Street and the other funds and accounts managed by our Adviser.

The investment professionals utilized by our Adviser are also the investment professionals responsible for investing and managing Main Street's investment portfolio as well as the investment portfolios of other funds and accounts managed by our Adviser. These professionals are responsible for allocating investment opportunities between us, Main Street and other funds and accounts managed by it. We have made and, in the future, intend to make co-investments with Main Street and other funds or clients advised by the Adviser in accordance with the conditions of an exemptive relief order from the SEC permitting such co-investment transactions. The order requires, among other things, that Main Street and the Adviser consider whether each such investment opportunity is appropriate for us, Main Street and the Adviser's advised clients and, if it is appropriate, to propose an allocation of the investment opportunity between such other parties. As a consequence, it may be more difficult for us to maintain or increase the size of our Investment Portfolio in the future. Although the Adviser and Main Street will endeavor to allocate investment opportunities in a fair and equitable manner, including in accordance with the conditions set forth in the order issued by the SEC when relying on such order, we may face conflicts in allocating investment opportunities between us, Main Street and other funds and accounts managed by the Adviser. Because our Adviser may receive performance-based fee compensation from the other funds and accounts it manages, this may provide our Adviser an incentive to allocate opportunities to other funds and accounts our Adviser manages, instead of us. Our Adviser and Main Street have implemented an allocation policy to ensure the equitable distribution of investment opportunities and, as a result, we may be unable to participate in certain investments based upon such allocation policy.

Our Adviser's liability is limited under the Investment Advisory Agreement, and we have agreed to indemnify our Adviser against certain liabilities, which may lead our Adviser to act in a riskier manner on our behalf than it would when acting for its own account.

Under the Investment Advisory Agreement, our Adviser and officers, directors, employees, agents and certain other affiliates are not liable to us for acts or omissions performed by our Adviser in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting negligence, willful misfeasance, bad faith or misconduct. In addition, we have agreed to indemnify our Adviser and officers, directors, employees, agents and certain other affiliates from and against any claims or liabilities, including reasonable legal fees, arising out of or in connection with any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misfeasance, bad faith or misconduct. These protections may lead our Adviser to act in a riskier manner when acting on our behalf than they would when acting for their own account.

Our Adviser can resign on 120 days' notice and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our Adviser has the right, under the Investment Advisory Agreement, to resign at any time upon not less than 120 days' written notice, whether we have found a replacement or not. If our Adviser resigns, we may not be able to find a replacement or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 120 days or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the value of our shares may decline. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

RISKS RELATED TO BDCs

Failure to maintain our status as a BDC would reduce our operating flexibility.

If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility.

Operating under the constraints imposed on us as a BDC and RIC may hinder the achievement of our investment objectives.

The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs that do not apply to certain of the other investment vehicles that we may compete with. BDCs are required, for example, to invest at least 70% of their total assets in certain qualifying assets, including U.S. private or thinly traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. Moreover, qualification for taxation as a RIC requires satisfaction of source-of-income, asset diversification and distribution requirements. Operating under these constraints may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective. Any failure to do so could subject us to enforcement action by the SEC, cause us to fail to satisfy the requirements associated with RIC status and subject us to entity-level corporate income taxation, cause us to fail the 70% test described above or otherwise have a material adverse effect on our business, financial condition or results of operations.

Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

Our business will require capital to operate and grow. We may acquire such additional capital from the following sources:

Senior Securities

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following:

- Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if certain requirements are met) immediately after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and/or borrowing money from banks or other financial institutions and may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy this test.
- Any amounts that we use to service our debt or make payments on preferred stock will not be available for dividends to our common stockholders.
- It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.
- We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness.
- Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.
- Any unsecured debt issued by us would generally rank (i) *pari passu* with our current and future unsecured indebtedness and effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, and (ii) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries.

Additional Common Stock

We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current NAV of the common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

Previously enacted legislation may allow us to incur additional leverage.

The 1940 Act generally prohibits us from incurring indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our assets). However, legislation passed in March 2018 modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur by lowering the required asset coverage ratio of 200% to an asset coverage ratio of 150% (i.e., the amount of debt may not exceed $66\frac{2}{3}\%$ of the value of our assets), if certain requirements are met. Under the legislation, we are allowed to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when a quorum is met, approve a proposal to do so. If we receive stockholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the legislation allows a “required majority” (as defined in Section 57(o) of the 1940 Act) of the members of our Board of Directors to approve an increase in our leverage capacity, and such approval would become effective after one year from the date of approval. In either case, because our common stock is not listed on a national securities exchange, we would be required to offer to repurchase 100% of the shares of our stockholders as of the date of the requisite approval over the following year (25% in each of the following four quarters). In addition, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. As a result of this legislation, we may be able to increase our leverage up to an amount that reduces our asset coverage ratio from 200% to 150%. See *Risk Factors — Risks Related to Leverage — Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us* for a discussion of the risks associated with leverage.

RISKS RELATED TO OUR SECURITIES

Investing in our securities may involve a high degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

Our shares of common stock are not listed on an exchange or quoted through a quotation system and may not be listed in the foreseeable future, if ever. Therefore, our stockholders will have limited liquidity and may not receive a full return of their invested capital if they sell their shares of common stock.

Our shares of common stock are illiquid assets for which there is not a secondary market, nor is it expected that any secondary market will develop in the future. We intend to explore potential liquidity event for our stockholders from time to time. However, there can be no assurance that we will complete a liquidity event.

If our shares of common stock are listed, stockholders cannot be assured a public trading market will develop. Since a portion of the offering price from any sale of common stock will be used to pay expenses and fees, the full offering price paid by stockholders will not be invested in portfolio companies. As a result, even if we do complete a liquidity event, stockholders may not receive a return of all of their invested capital.

Stockholders should also be aware that shares of publicly traded closed-end investment companies, including BDCs, may trade at a discount to their NAV. If our shares of common stock are eventually listed on a national securities exchange, we would not be able to predict whether our common stock would trade above, at or below NAV per share. This risk is separate and distinct from the risk that our NAV per share may decline.

Our share repurchase program allows us to repurchase our stockholders’ shares on a quarterly basis, subject to certain restrictions and limitations. As a result, our stockholders will have limited opportunities to sell their shares and, to the

extent they are able to sell their shares under the program, our stockholders may not be able to recover the amount of their investment in our shares.

We have a share repurchase program that currently allows us to repurchase during any calendar quarter shares of common stock in an amount equal to the number of shares we can repurchase with 90% of the proceeds we receive from the issuance of shares of our common stock under our dividend reinvestment plan. Our Board of Directors may amend, suspend or terminate the share repurchase program at any time.

Our share repurchase program allows stockholders to sell back their shares of common stock to us on a quarterly basis at a price equal to the NAV per share, as determined within 48 hours of the repurchase date. The share repurchase program includes numerous restrictions that limit stockholders' the ability to sell shares back to us. At the discretion of our Board of Directors, we may make changes to the share repurchase program without prior stockholder approval. To the extent that the number of shares put to us for repurchase exceeds the number of shares that we offered to purchase, we will repurchase shares on a pro-rata basis, subject to limited exceptions, not on a first-come, first-served basis. Further, we will have no obligation to repurchase shares if the repurchase would violate the restrictions on distributions under federal law or Maryland law, which prohibit distributions that would cause a corporation to fail to meet statutory tests of solvency. These limits may prevent us from accommodating all repurchase requests made in any quarter. In addition, our Board of Directors may suspend or terminate the share repurchase program and therefore should not be relied upon as a method to sell shares promptly and at a desired price.

Our repurchase offers pursuant to our share repurchase program may be at prices lower than the price paid by our stockholders to purchase our common stock.

When we make quarterly repurchase offers pursuant to the share repurchase program, we offer to repurchase shares of common stock at the NAV per share, as determined within 48 hours prior to the repurchase date. As a result, to the extent an investor paid an offering price that included the related sales load, then the price at which such investor may sell shares of common stock pursuant to our share repurchase program may be lower than what such investor paid in connection with the purchase of shares of common stock.

We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital.

We intend to pay distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash distributions, previously projected distributions for future periods, or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay distributions. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, compliance with our debt covenants and such other factors as our Board of Directors may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future.

When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated taxable earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for U.S. federal income tax purposes, which may result in higher tax liability when the shares are sold, even if they have not increased in value or have lost value. In addition, any return of capital will be net of any sales load and offering expenses associated with sales of shares of our common stock. In the future, our distributions may include a return of capital.

Our common stockholders' interest in us will be diluted if we issue additional shares, which could reduce the overall value of their investment.

Our investors do not have preemptive rights to any shares we issue in the future. Our Articles of Incorporation authorize us to issue 450,000,000 shares of common stock. Pursuant to our Articles of Incorporation, a majority of our entire Board of Directors may amend our Articles of Incorporation from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series without stockholder approval. Our Board of Directors may elect to sell additional shares in future public offerings or issue equity interests in private offerings. To the extent we issue additional equity interests, our stockholders' percentage ownership interest in us

will be diluted. In addition, depending upon the terms and pricing of any additional offerings and the value of our investments, stockholders may also experience dilution in the book value and fair value of their shares of common stock.

Our stockholders could experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.

All dividends declared to stockholders that have “opted in” to our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that do not participate in our dividend reinvestment plan could experience dilution in their ownership percentage of our common stock over time if we issue additional shares of our common stock.

Provisions of the Maryland General Corporation Law and our articles of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our articles of incorporation and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third-party bids for ownership of our company. These provisions may prevent any premiums being offered to you for our common stock.

We may in the future determine to issue preferred stock, which could adversely affect the value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the value for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the asset coverage test.

FEDERAL INCOME TAX RISKS

We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code.

To maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements:

- The Annual Distribution Requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% U.S. federal excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. For more information regarding tax treatment, see *Business — Regulation — Taxation as a Regulated Investment Company*. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are (and may in the future become) subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. In addition, because we receive non-cash sources of income such as PIK interest which involves us recognizing taxable income without receiving the cash representing such income, we may have difficulty meeting the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.
- The source-of-income requirement will be satisfied if we obtain at least 90% of our gross income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.

- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain “qualified publicly traded partnerships.”

Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in privately held companies, and therefore illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. Moreover, if we fail to maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

We may have difficulty paying the distributions required to maintain RIC tax treatment under the Code if we recognize income before or without receiving cash representing such income.

We will include in income certain amounts that we have not yet received in cash, such as: (i) amortization of original issue discount, which may arise if we receive warrants in connection with the origination of a loan such that ascribing a value to the warrants creates original issue discount in the debt instrument, if we invest in a debt investment at a discount to the par value of the debt security or possibly in other circumstances; (ii) contractual payment-in-kind, or PIK, interest, which represents contractual interest added to the loan balance and due at the end of the loan term; (iii) contractual preferred dividends, which represents contractual dividends added to the preferred stock and due at the end of the preferred stock term, subject to adequate profitability at the portfolio company; or (iv) amortization of market discount, which is associated with loans purchased in the secondary market at a discount to par value. Such amortization of original issue discounts increases in loan balances as a result of contractual PIK arrangements, cumulative preferred dividends, or amortization of market discount will be included in income before we receive the corresponding cash payments. We also may be required to include in income certain other amounts before we receive such amounts in cash. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis.

Since, in certain cases, we may recognize taxable income before or without receiving cash representing such income, we may have difficulty meeting the Annual Distribution Requirement necessary to maintain RIC tax treatment under the Code. Accordingly, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax. For additional discussion regarding the tax implications of a RIC, please see *Item 1. Business — Regulation — Taxation as a Regulated Investment Company*.

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders' election) would satisfy the Annual Distribution Requirement. The Internal Revenue Service has issued guidance providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided at least 20% of the total distribution is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

Stockholders may have current tax liability on dividends they elect to reinvest in our common stock but would not receive cash from such dividends to pay such tax liability.

If stockholders participate in our dividend reinvestment plan, they will be deemed to have received, and for federal income tax purposes will be taxed on, the amount reinvested in our common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, unless a stockholder is a tax-exempt entity, it may have to use funds from other sources to pay its tax liability on the value of the dividend that they have elected to have reinvested in our common stock.

Legislative or regulatory tax changes could adversely affect our stockholders.

At any time, the federal income tax laws governing RICs or the administrative interpretations of those laws or regulations may be amended. Any new laws, regulations or interpretations may take effect retroactively and could adversely affect the taxation of us or our stockholders. Therefore, changes in tax laws, regulations or administrative interpretations or any amendments thereto could diminish the value of an investment in our shares or the value or the resale potential of our investments. If we do not comply with applicable laws and regulations, we could lose any licenses that we then hold for the conduct of our business and may be subject to civil fines and criminal penalties.

GENERAL RISK FACTORS

Events outside of our control, including public health crises, supply chain disruptions and inflation, could negatively affect our portfolio companies and the results of our operations.

Periods of market volatility could occur in response to pandemics or other events outside of our control. We and the portfolio companies in which we invest in could be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, such as acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events could adversely affect the ability of a party (including us, a portfolio company or a counterparty to us) to perform its obligations until it is able to remedy the force majeure event. In addition, force majeure events, such as the cessation of the operation of equipment for repair or upgrade, could similarly lead to the unavailability of essential equipment and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, including to an officer, director or a member of our investment team, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or us of repairing or replacing damaged assets resulting from such force majeure event could be considerable.

It will not be possible to insure against all such events, and insurance proceeds received, if any, could be inadequate to completely or even partially cover any loss of revenues or investments, any increases in operating and maintenance expenses, or any replacements or rehabilitation of property. Certain events causing catastrophic loss could be either uninsurable, or insurable at such high rates as to adversely impact us or portfolio companies, as applicable. Force majeure events that are incapable of or are too costly to cure could have permanent adverse effects. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which we invest or our portfolio companies operate specifically. Such force majeure events could result in or coincide with: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have

substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.

The success of our activities is affected by general economic and market conditions, including, among others, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and trade barriers. These factors could affect the level and volatility of securities prices and the liquidity of our investments. Volatility or illiquidity could impair our profitability or result in losses. These factors also could adversely affect the availability or cost of our leverage, which would result in lower returns.

These disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. Such disruptions could adversely affect our business, financial condition, results of operations and cash flows, and future market disruptions and/or illiquidity could negatively impact us. These unfavorable economic conditions could increase our funding costs and limit our access to the capital markets, and could result in a decision by lenders not to extend credit to us in the future. These events could limit our investments, our ability to grow and could negatively impact our operating results and the fair values of our debt and equity investments.

Failure to comply with applicable laws or regulations and changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We, our Adviser and our portfolio companies are subject to applicable local, state and federal laws and regulations. Failure to comply with any applicable local, state or federal law or regulation could negatively impact our reputation and our business results. New legislation may also be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our Adviser's investment team to other types of investments in which our Adviser's investment team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

We may experience fluctuations in our operating results.

We could experience fluctuations in our operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, operating results for any period should not be relied upon as being indicative of performance in future periods.

Technological innovations and industry disruptions may negatively impact us.

Technological innovations have disrupted traditional approaches in multiple industries and can permit younger companies to achieve success and in the process disrupt markets and market practices. We can provide no assurance that new businesses and approaches will not be created that would compete with us and/or our portfolio companies or alter the market practices in which we have been designed to function within and on which we depend on for our investment return. New approaches could damage our investments, disrupt the market in which we operate and subject us to increased competition, which could materially and adversely affect our business, financial condition and results of investments.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our and our Adviser's financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks, including software viruses, ransomware, malware and phishing and vishing schemes.

The failure in cybersecurity systems, as well as the occurrence of events unanticipated in our and our Adviser's disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our and our Adviser's disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our and our Adviser's computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

Third parties with which we do business (including, but not limited to, service providers, such as accountants, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cybersecurity or other technological risks. While we engage in actions to reduce our exposure resulting from outsourcing, we cannot control the cybersecurity plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Main Street and our Adviser maintain, and routinely review and evaluate their and the Company's information technology ("IT") and cybersecurity policies, practices and procedures (the "Cybersecurity Program"). The Cybersecurity Program has various policies and procedures including a Cyber Incident Response Plan as part of Main Street's Crisis Management Plan. The Cybersecurity Program is administered by Main Street's IT Manager, who is managed on a day to

day basis by Main Street's General Counsel and Chief Compliance Officer and overseen by Main Street's IT Steering Committee consisting of Main Street's Chief Executive Officer, Main Street's Chief Financial Officer and Chief Operating Officer and Main Street's General Counsel and Chief Compliance Officer. Main Street's General Counsel and Chief Compliance Officer also serves as the crisis response team leader in connection with any material cybersecurity incident under the Cyber Incident Response Plan. Main Street and our Adviser also utilize the services of IT and cybersecurity advisers, consultants and experts in the evaluation and periodic testing of IT and cybersecurity systems, to recommend improvements to the Cybersecurity Program and in connection with any cybersecurity incident. We believe that the individuals involved in the Cybersecurity Program possess the necessary skills, experience and backgrounds that, when combined with the resources of the external IT and cybersecurity advisers, consultants and experts, are sufficient to manage the Cybersecurity Program.

As part of our overall risk management process, our management engages at least annually in an enterprise risk management review and evaluation, during which management reviews the principal risks relating to our business and operations. Included in this process is a review and evaluation of our risks relating to the Cybersecurity Program. Additionally, as part of our Rule 38a-1 compliance program, we review at least annually the compliance policies and procedures of our key service providers, including our Adviser and Main Street, including documentation discussing each service providers' information security and privacy controls. Any failure in our or our key service providers' cybersecurity systems could have a material impact on our operating results. See *Item 1A. Risk Factors — General Risk Factors — The failure in cybersecurity systems, as well as the occurrence of events unanticipated in our and our Adviser's disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.*

Our Board as a whole has responsibility for the Company's risk oversight, with reviews of certain areas being conducted by the relevant Board committees that report on their deliberations to the full Board. The oversight responsibility of the Board and its committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment and management of critical risks and management's risk mitigation strategies. Areas of focus include competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, compliance and other risks.

Oversight of risks relating to IT and cybersecurity has been delegated by our Board to its Audit Committee. The Audit Committee includes members of the Board who, in addition to each being designated as an "audit committee financial expert," possess backgrounds and experience which we believe enable them to provide effective oversight of our IT and cybersecurity risks. Our management routinely reports to the Audit Committee on the status of the Cybersecurity Program at the Audit Committee's quarterly meetings. Routine reports generally detail any testing, observations or developments concerning the Cybersecurity Program that occurred during the prior quarter. The results of periodic testing related to the Cybersecurity Program are also described in the Chief Compliance Officer's annual report to the Board, provided pursuant to Rule 38a-1 under the 1940 Act. The crisis response team leader also collaborates with the Audit Committee chair to ensure that the Board is apprised of any material cybersecurity incident and consults with the Audit Committee chair in connection with any material decisions or actions related thereto.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operations. Currently, Main Street leases office space in Houston, Texas for its and its affiliates' corporate headquarters, including ours. We believe that our current office facilities are adequate to meet our needs.

Item 3. Legal Proceedings

We, the Adviser and/or Main Street may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may seek to impose liability on us, the Adviser and/or Main Street in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our, the Adviser's or Main Street's financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our, the Adviser's or Main Street's financial condition or results of operations in any future reporting period.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****COMMON STOCK AND HOLDERS**

Our shares are not listed on an exchange or quoted through a quotation system. There is currently no market for our common stock, and we do not expect that a market for our shares will develop in the future. Therefore, there is a risk that a stockholder may not be able to sell our stock at a time or price acceptable to the stockholder, or at all. None of our common stock has been authorized for issuance under any equity compensation plans. With the approval of our Board of Directors, we closed our continuous follow-on public offering of shares to new investors effective September 30, 2017.

Set forth below is a chart describing the classes of our securities outstanding as of March 1, 2024:

Title of Class	Amount Authorized	Amount Held by Us or for Our Account	Amount Outstanding Exclusive of Amount Under Column
Common Stock, par value \$0.001 per share	450,000,000	—	80,469,732

As of March 1, 2024, we had 14,292 record holders of our common stock.

DIVIDEND/DISTRIBUTION POLICY

We currently intend to distribute dividends or make distributions to our stockholders out of assets legally available for distribution. Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status and such other factors as our Board of Directors may deem relevant from time to time. When we make distributions, we are required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital (a distribution of the stockholders' invested capital), investors will be required to reduce their basis in our stock for federal tax purposes. In the future, our distributions may include a return of capital.

We have adopted a dividend reinvestment plan (the "DRIP") that provides for the reinvestment of dividends on behalf of our stockholders. As a result, if we declare a cash dividend, our stockholders who have "opted in" to the DRIP will have their cash dividend automatically reinvested into additional shares of MSIF common stock. The number of shares of common stock to be issued to a stockholder under the DRIP shall be determined by dividing the total dollar amount of the distribution payable to such stockholder by a price per share of common stock determined by our Board of Directors or a committee thereof, in its sole discretion, that is (i) not less than the NAV per share of common stock determined in good faith by the Board of Directors or a committee thereof, in its sole discretion, within 48 hours prior to the payment of the distribution (NAV per share) and (ii) not more than 2.5% greater than the NAV per share as of such date.

SALES OF UNREGISTERED SECURITIES

During the year ended December 31, 2023, we issued 2,345,246 shares of our common stock under the DRIP. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

In addition, during the year ended December 31, 2023, on certain dividend payment dates we sold shares of our common stock to Main Street at the price at which we issued new shares in connection with reinvestments of dividends pursuant to the DRIP. In each of these transactions, the issuance and sale of shares were exempt from registration under Section 4(a)(2) of the Securities Act and were unanimously approved by our Board of Directors, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or our Adviser.

The following table describes the terms of these exempt sales of common stock:

Date of Transaction	Total number of shares sold	Sale price per share	Proceeds to the Company
May 1, 2023	255,754	\$ 7.82	\$ 2,000,000
August 1, 2023	348,542	\$ 7.89	\$ 2,750,000
November 1, 2023	475,888	\$ 7.88	\$ 3,750,000

The aggregate value of the shares of our common stock issued during 2023 under the DRIP and pursuant to the exempt sale transactions was \$26.9 million.

PURCHASES OF EQUITY SECURITIES

We maintain a share repurchase program whereby we make quarterly offers to purchase shares at the estimated NAV per share, as determined within 48 hours prior to the repurchase date. The amount of shares of our common stock to be repurchased during any calendar quarter may be equal to the lesser of (i) the number of shares of common stock we could repurchase with the proceeds we received from the issuance of common stock under the DRIP or (ii) 2.5% of the weighted-average number of shares of common stock outstanding in the prior four calendar quarters. Repurchase offers are currently limited to the number of shares of common stock that we can repurchase with 90% of the cash retained as a result of issuances of common stock under the DRIP.

At the discretion of our Board of Directors, we may also use cash on hand, cash available from borrowings and cash from the sale of investments as of the end of the applicable period to repurchase shares. Our Board of Directors may amend, suspend or terminate the share repurchase program upon 30 days' notice. Since inception of the share repurchase program, we have funded the repurchase of \$153.5 million in shares of common stock.

In addition to our share repurchase program, during the fiscal year ended December 31, 2023, we used proceeds from the sale of our shares during 2023 discussed above to complete three modified "Dutch auction" tender offers, pursuant to which we offered to purchase up to a specified amount of shares of our common stock at the lowest clearing purchase price elected by participating stockholders within a specified range that allowed us to purchase the maximum amount offered. All shares purchased in a "Dutch auction" tender offer were purchased at the clearing purchase price. SEC rules permitted us to increase the number of shares accepted for purchase in any offer by up to 2% of our outstanding shares without amending the offer. For the year ended December 31, 2023, we purchased 1,267,667 shares of our common stock for \$7.8 million through our modified Dutch auction tender offers.

The following table lists shares we repurchased under our share repurchase program and Dutch auction tender offers during the fourth quarter of 2023:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
October 1 through October 31, 2023	—	—	—	—
November 1 through November 30, 2023	531,085	\$ 7.73	531,085	N/A
December 1 through December 31, 2023 ⁽¹⁾	427,843	6.50	427,843	N/A

(1) Includes 427,843 shares repurchased under the Dutch auction tender offer pursuant to the tender offer statement and Offer to Purchase filed with the SEC on November 15, 2023 at a price of \$6.50 per share for an aggregate cost of \$2.8 million.

Item 6. [Reserved.]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K.

Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the headings "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in this report.

INVESTMENT PORTFOLIO SUMMARY

The following tables provide a summary of our investments in the Private Loan, LMM and Middle Market portfolios as of December 31, 2023 and 2022 (this information excludes Other Portfolio investments, which are discussed further below):

	As of December 31, 2023		
	Private Loan	LMM (a)	Middle Market
	(dollars in millions)		
Number of portfolio companies	78	50	16
Fair value	\$ 595.3	\$ 387.0	\$ 86.0
Cost	\$ 586.4	\$ 315.7	\$ 114.7
Debt investments as a % of portfolio (at cost)	94.1 %	70.2 %	93.1 %
Equity investments as a % of portfolio (at cost)	5.9 %	29.8 %	6.9 %
% of debt investments at cost secured by first priority lien	100.0 %	99.9 %	100.0 %
Weighted-average annual effective yield (b)	13.1 %	13.0 %	13.0 %
Average EBITDA (c)	\$ 30.5	\$ 8.8	\$ 74.2

- (a) At December 31, 2023, we had equity ownership in all of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2023, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on our debt portfolio as of December 31, 2023 including debt investments on non-accrual status was 12.6% for our Private Loan portfolio, 13.0% for our LMM portfolio and 9.9% for our Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of our common stock will realize on its investment because it does not reflect our utilization of debt capital in our capital structure, our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including one Private Loan portfolio company, as EBITDA is not a meaningful valuation metric for our investment in this portfolio company, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2022		
	Private Loan	LMM (a)	Middle Market
	(dollars in millions)		
Number of portfolio companies	70	48	21
Fair value	\$ 559.8	\$ 352.7	\$ 126.7
Cost	\$ 563.0	\$ 312.5	\$ 159.7
Debt investments as a % of portfolio (at cost)	96.2 %	73.2 %	95.0 %
Equity investments as a % of portfolio (at cost)	3.8 %	26.8 %	5.0 %
% of debt investments at cost secured by first priority lien	99.4 %	99.9 %	98.5 %
Weighted-average annual effective yield (b)	11.8 %	12.1 %	11.3 %
Average EBITDA (c)	\$ 36.8	\$ 8.6	\$ 79.2

- (a) At December 31, 2022, we had equity ownership in all of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2022, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on our debt portfolio as of December 31, 2022 including debt investments on non-accrual status was 11.4% for our Private Loan portfolio, 11.7% for our LMM portfolio and 9.7% for our Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of our common stock will realize on its investment because it does not reflect our utilization of debt capital in our capital structure, our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including one Private Loan portfolio company, as EBITDA is not a meaningful valuation metric for our investment in this portfolio company, and those portfolio companies whose primary purpose is to own real estate.

For the years ended December 31, 2023 and 2022, we achieved a total return on investments of 13.6% and 9.1%, respectively. Total return on investments is calculated using the interest, dividend, and fee income, as well as the realized and unrealized change in fair value of the Investment Portfolio for the specified period. Our total return on investments is not reflective of what an investor in shares of our common stock will realize on its investment because it does not reflect our utilization of debt capital in our capital structure, our expenses or any sales load paid by an investor.

As of December 31, 2023, we had Other Portfolio investments in four entities, collectively totaling \$24.6 million in fair value and \$21.5 million in cost basis and which comprised 2.3% and 2.1% of our Investment Portfolio at fair value and cost, respectively. As of December 31, 2022, we had Other Portfolio investments in four entities, collectively totaling \$29.0 million in fair value and \$24.7 million in cost basis and which comprised 2.7% and 2.3% of our Investment Portfolio at fair value and cost, respectively.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. Critical accounting policies are those that require management to make subjective or complex judgments about the effect of matters that are inherently uncertain and may change in subsequent periods. Changes that may be required in the underlying assumptions or estimates in these areas could have a material impact on our current and future financial condition and results of operations.

Management has discussed the development and selection of each critical accounting policy and estimate with the Audit Committee of the Board of Directors. Our critical accounting policies and estimates include the Investment Portfolio Valuation and Revenue Recognition policies described below. Our significant accounting policies are described in greater detail in *Note B — Summary of Significant Accounting Policies* to the consolidated financial statements included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

Investment Portfolio Valuation

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. We consider this determination to be a critical accounting estimate, given the significant judgments and subjective measurements required. As of both December 31, 2023 and 2022, our Investment Portfolio valued at fair value represented 96% of our total assets. We are required to report our investments at fair value. We follow the provisions of FASB ASC 820, Fair Value Measurements and Disclosures (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact. See *Note B.1. — Summary of Significant Accounting Policies — Valuation of the Investment Portfolio* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K for a detailed discussion of our Investment Portfolio valuation process and procedures.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

Rule 2a-5 under the 1940 Act permits a BDC’s board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. Our Board of Directors has approved policies and procedures pursuant to Rule 2a-5 (the “Valuation Procedures”) and has designated our Adviser, led by a group of Main Street’s and our Adviser’s executive officers, to serve as the Board of Directors’ valuation designee. We believe our Investment Portfolio as of December 31, 2023 and 2022 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

Revenue Recognition

Interest and Dividend Income

We record interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. We evaluate accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service its debt obligation, we will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security’s status significantly improves regarding the debtor’s ability to service the debt obligation, or if a loan or debt security is sold or written off, we remove it from non-accrual status.

Fee Income

We may periodically provide services, including structuring and advisory services to our portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are generally deferred and accreted into income over the life of the financing.

Payment-in-Kind (“PIK”) Interest and Cumulative Dividends

We hold certain debt and preferred equity instruments in our Investment Portfolio that contain PIK interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax

treatment (as discussed in *Note B.7. — Summary of Significant Accounting Policies — Income Taxes* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We stop accruing PIK interest and cumulative dividends and write off any accrued and uncollected interest and dividends in arrears when we determine that such PIK interest and dividends in arrears are no longer collectible. For the years ended December 31, 2023, 2022 and 2021 (i) 3.8%, 2.5% and 2.3%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) 0.1%, 0.6% and 0.3%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

INVESTMENT PORTFOLIO COMPOSITION

The following tables summarize the composition of our total combined Private Loan, LMM and Middle Market portfolio investments at cost and fair value by type of investment as a percentage of the total combined Private Loan, LMM and Middle Market portfolio investments as of December 31, 2023 and 2022 (this information excludes Other Portfolio investments).

Cost:	December 31, 2023	December 31, 2022
First lien debt	86.5 %	88.5 %
Equity	13.3	10.8
Second lien debt	—	0.3
Equity warrants	0.2	0.2
Other	—	0.2
	<u>100.0 %</u>	<u>100.0 %</u>
Fair Value:	December 31, 2023	December 31, 2022
First lien debt	78.4 %	81.4 %
Equity	21.5	17.9
Second lien debt	—	0.3
Equity warrants	0.1	0.1
Other	—	0.3
	<u>100.0 %</u>	<u>100.0 %</u>

Our Private Loan, LMM and Middle Market portfolio investments carry a number of risks including: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common to investing in below investment-grade debt and equity investments in our Investment Portfolio. Please see *Item 1A. Risk Factors — Risks Related to our Investments* contained in this Annual Report on Form 10-K for a more complete discussion of the risks involved with investing in our Investment Portfolio.

PORTFOLIO ASSET QUALITY

Our Adviser utilizes an internally developed investment rating system to rate the performance of each Private Loan, LMM and Middle Market portfolio company and to monitor our expected level of returns on each of our Private Loan, LMM and Middle Market investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including, but not limited to, each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

As of December 31, 2023, investments on non-accrual status comprised 1.1% of our total Investment Portfolio at fair value and 4.0% at cost. As of December 31, 2022, investments on non-accrual status comprised 0.8% of our total Investment Portfolio at fair value and 4.8% at cost.

The operating results of our portfolio companies are impacted by changes in the broader fundamentals of the United States economy. In periods during which the United States economy contracts, it is likely that the financial results of small to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements, to an increase in defaults on our debt investments or in realized losses on our investments and to difficulty in maintaining historical dividend payment rates and unrealized appreciation on our equity investments. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by future economic cycles or other conditions, which could also have a negative impact on our future results.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Set forth below is a comparison of the results of operations and changes in financial condition for the years ended December 31, 2023 and 2022. The comparison of, and changes between, the fiscal years ended December 31, 2022 and 2021 can be found within *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which is incorporated herein by reference.

Comparison of the years ended December 31, 2023 and 2022

	Year Ended December 31,		Net Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Total investment income	\$ 131,386	\$ 103,765	\$ 27,621	27 %
Total expenses, net of expense waivers	(73,717)	(50,896)	(22,821)	45 %
Net investment income	57,669	52,869	4,800	9 %
Net realized loss from investments	(34,010)	(3,936)	(30,074)	NM
Net unrealized appreciation (depreciation) from investments	46,319	(1,702)	48,021	NM
Income tax provision	(3,769)	(1,643)	(2,126)	NM
Net increase in net assets resulting from operations	\$ 66,209	\$ 45,588	\$ 20,621	45 %

NM — Net Change % not meaningful

Investment Income

Total investment income for the year ended December 31, 2023 was \$131.4 million, a 27% increase from the \$103.8 million of total investment income for the prior year. The following table provides a summary of the changes in the comparable period activity.

	Year Ended December 31,		Net Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Interest income	\$ 116,976	\$ 90,811	\$ 26,165	29 % (a)
Dividend income	11,255	9,442	1,813	19 % (b)
Fee income	3,155	3,512	(357)	(10)%
Total investment income	\$ 131,386	\$ 103,765	\$ 27,621	27 % (c)

(a) The increase in interest income was primarily due to an increase in interest rates on floating rate Investment Portfolio debt investments primarily resulting from increases in benchmark index rates, partially offset by lower average levels of income producing Investment Portfolio debt investments.

(b) The increase in dividend income was primarily a result of growth in dividend income from certain LMM portfolio companies resulting from the continued strong operating results, financial condition and liquidity positions of those

portfolio companies. The increase includes a \$0.7 million increase in dividend income considered to be less consistent or non-recurring.

- (c) The increase in total investment income includes a net increase of \$1.9 million due to the impact of certain income considered less consistent or non-recurring, including (i) a \$1.8 million increase in accelerated prepayments, repricing and other activity related to certain Investment Portfolio debt investments and (ii) a \$0.7 million increase in dividend income, partially offset by a \$0.6 million decrease in fee income.

Expenses

Total expenses, net of expense waivers, for the year ended December 31, 2023 were \$73.7 million, a 45% increase from \$50.9 million in the prior year. The following table provides a summary of the changes in the comparable period activity.

	Year Ended December 31,		Net Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Interest expense	\$ 36,458	\$ 24,423	\$ 12,035	49 % (a)
Base management fees	19,828	19,831	(3)	— %
Incentive fees	12,569	2,130	10,439	490% (b)
Internal administrative services fees	8,916	5,147	3,769	73 % (c)
General and administrative	4,254	3,905	349	9 %
Total expenses before expense waivers	82,025	55,436	26,589	48 %
Waiver of internal administrative services expenses	(8,308)	(4,540)	(3,768)	83 %
Total expenses	\$ 73,717	\$ 50,896	\$ 22,821	45 %

- (a) The increase in interest expense was primarily related to increased average interest rates on our floating rate multi-year revolving credit facility (the “Corporate Facility”) and special purpose vehicle revolving credit facility (the “SPV Facility”) and, together with the Corporate Facility, the “Credit Facilities”) due to increases in benchmark index rates for these floating rate obligations, partially offset by lower weighted-average outstanding borrowings.
- (b) The increase in incentive fees was due to the increased Pre-Incentive Fee Net Investment Income resulting from MSC Income Fund’s more favorable operating results for the year ended December 31, 2023.
- (c) The increase in internal administrative service fees related primarily to increased expenses incurred by the Adviser associated with its activities and services under the Investment Advisory Agreement. Consistent with prior practice, the vast majority of such internal administrative service fees, or all fees other than \$0.6 million, were waived by the Adviser. The only fees not waived are the cost of services previously provided by a sub-administrator prior to January 1, 2022 and assumed by the Adviser thereafter (see Note K.1. — Related Party Transactions — Advisory Agreements and Conditional Expense Reimbursement Waivers included in Item 8. Consolidated Financial Statements).

Net Investment Income

Net investment income for the year ended December 31, 2023 increased 9% to \$57.7 million, or \$0.72 per share, compared to net investment income of \$52.9 million, or \$0.66 per share, in 2022. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by the increase in total expenses, both as discussed above. The increase in net investment income and net investment income on a per share basis includes a \$1.9 million, or \$0.02 per share, increase in investment income considered less consistent or non-recurring, as discussed above.

Net Realized Gain (Loss) from Investments

The following table provides a summary of the primary components of the total net realized loss on investments of \$34.0 million for the year ended December 31, 2023.

Year Ended December 31, 2023								
Full Exits			Partial Exits		Restructures		Other (a)	Total
Net Gain/(Loss)	# of Investments		Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	Net Gain/(Loss)
(dollars in thousands)								
Private Loan portfolio	\$ 554	2	\$ —	—	\$ (18,505)	2	\$ (90)	\$ (18,041)
LMM portfolio	(9,414)	3	—	—	(1,541)	1	—	(10,955)
Middle Market portfolio	3,127	3	—	—	(10,606)	2	242	(7,237)
Other Portfolio	—	—	2,223	1	—	—	—	2,223
Total net realized gain (loss)	\$ (5,733)	8	\$ 2,223	1	\$ (30,652)	5	\$ 152	\$ (34,010)

(a) Other activity includes realized gains and losses from transactions involving 15 portfolio companies which are not considered to be significant individually or in the aggregate.

The following table provides a summary of the primary components of the total net realized loss on investments of \$3.9 million for the year ended December 31, 2022.

Year Ended December 31, 2022								
Full Exits			Partial Exits		Restructures		Other (a)	Total
Net Gain/(Loss)	# of Investments		Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	Net Gain/(Loss)
(dollars in thousands)								
Private Loan portfolio	\$ 5,849	2	\$ —	—	\$ (9,014)	2	\$ (27)	\$ (3,192)
LMM portfolio	—	—	—	—	(1,456)	1	198	(1,258)
Middle Market portfolio	(145)	3	—	—	—	—	(42)	(187)
Other Portfolio	—	—	779	1	—	—	(78)	701
Total net realized gain (loss)	\$ 5,704	5	\$ 779	1	\$ (10,470)	3	\$ 51	\$ (3,936)

(a) Other activity includes realized gains and losses from transactions involving 15 portfolio companies which are not considered to be significant individually or in the aggregate.

Net Unrealized Appreciation (Depreciation)

The following table provides a summary of the total net unrealized appreciation of \$46.3 million for the year ended December 31, 2023.

	Year Ended December 31, 2023				
	Private Loan	LMM(a)	Middle Market	Other	Total
	(dollars in thousands)				
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains / income) losses recognized during the current period	\$ 18,295	\$ 10,428	\$ 7,785	\$ (2,225)	\$ 34,283
Net unrealized appreciation (depreciation) relating to portfolio investments	(6,144)	20,729	(3,574)	1,025	12,036
Total net unrealized appreciation (depreciation) relating to portfolio investments	<u>\$ 12,151</u>	<u>\$ 31,157</u>	<u>\$ 4,211</u>	<u>\$ (1,200)</u>	<u>\$ 46,319</u>

(a) Includes unrealized appreciation on 25 LMM portfolio investments and unrealized depreciation on 19 LMM portfolio investments.

The following table provides a summary of the total net unrealized depreciation of \$1.7 million for the year ended December 31, 2022.

	Year Ended December 31, 2022				
	Private Loan	LMM(a)	Middle Market	Other	Total
	(dollars in thousands)				
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains / income) losses recognized during the current period	\$ 3,212	\$ 1,462	\$ (978)	\$ (392)	\$ 3,304
Net unrealized appreciation (depreciation) relating to portfolio investments	(5,997)	4,289	(6,769)	3,471	(5,006)
Total net unrealized appreciation (depreciation) relating to portfolio investments	<u>\$ (2,785)</u>	<u>\$ 5,751</u>	<u>\$ (7,747)</u>	<u>\$ 3,079</u>	<u>\$ (1,702)</u>

(a) Includes unrealized appreciation on 24 LMM portfolio investments and unrealized depreciation on 18 LMM portfolio investments.

Income Tax Provision

The income tax provision for the year ended December 31, 2023 of \$3.8 million principally consisted of (i) a deferred tax provision of \$2.9 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences and (ii) a current tax provision of \$0.9 million related to a \$0.5 million provision for excise tax on our estimated undistributed taxable income and \$0.4 million provision for current U.S. federal and state income taxes.

The income tax provision for the year ended December 31, 2022 of \$1.6 million principally consisted of (i) a current tax provision of \$1.3 million related to a \$0.8 million provision for excise tax on our estimated undistributed taxable income and \$0.5 million provision for current U.S. federal and state income taxes and (ii) a deferred tax provision of \$0.4 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation/depreciation, changes in valuation allowance and other temporary book-tax differences.

Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations for the year ended December 31, 2023 was \$66.2 million, or \$0.82 per share, compared with \$45.6 million, or \$0.57 per share, during the year ended December 31, 2022. The tables above provide a summary of the reasons for the change in net increase in net assets resulting from operations for the year ended December 31, 2023 as compared to the year ended December 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

For the year ended December 31, 2023, we realized a net increase in cash and cash equivalents of \$9.4 million, which is the net result of \$50.2 million of cash provided by our operating activities and \$40.8 million of cash used in our financing activities.

The \$50.2 million of cash provided by our operating activities resulted primarily from (i) cash proceeds totaling \$238.7 million from the sales and repayments of debt investments and sales of and return of capital from equity investments, (ii) cash flows that we generated from the operating profits earned totaling \$46.7 million, which is our net investment income, excluding the non-cash effects of the accretion of unearned income, payment-in-kind interest income, cumulative dividends and the amortization expense for deferred financing costs and (iii) cash proceeds of \$1.9 million related to changes in other assets and liabilities, partially offset by the funding of new and follow-on portfolio investments of \$236.4 million.

The \$40.8 million of cash used in our financing activities principally consisted of (i) \$36.4 million in cash dividends paid to stockholders, (ii) \$24.4 million for the repurchase of common stock and (iii) \$2.3 million for deferred financing costs, partially offset by (i) \$14.0 million in net borrowings from our Credit Facilities and (ii) \$8.5 million net cash proceeds related to our common stock issuances.

For the year ended December 31, 2022, we realized a net decrease in cash and cash equivalents of \$4.5 million, which is the net result of \$76.7 million of cash provided by our operating activities and \$81.2 million of cash used in our financing activities.

The \$76.7 million of cash provided by our operating activities resulted primarily from (i) cash proceeds totaling \$247.5 million from the sales and repayments of debt investments and sales of and return of capital from equity investments, (ii) cash flows that we generated from the operating profits earned totaling \$43.5 million, which is our net investment income, excluding the non-cash effects of the accretion of unearned income, payment-in-kind interest income, cumulative dividends and the amortization expense for deferred financing costs and (iii) cash proceeds of \$2.9 million related to changes in other assets and liabilities, partially offset by the funding of new and follow-on portfolio investments of \$217.2 million.

The \$81.2 million of cash used in our financing activities principally consisted of (i) \$105.0 million in net repayments on our Credit Facilities, (ii) \$33.0 million in cash dividends paid to stockholders, (iii) \$16.0 million for the repurchase of common stock and (iv) \$0.1 million for deferred financing costs, partially offset by (i) \$72.5 million of cash proceeds from our Series A Notes (defined below) issued in January 2022 and (ii) \$0.8 million net cash proceeds related to our common stock issuance.

Share Repurchases

We maintain a share repurchase program whereby we make quarterly offers to purchase shares at the estimated NAV per share, as determined within 48 hours prior to the repurchase date. The amount of shares of our common stock to be repurchased during any calendar quarter may be equal to the lesser of (i) the number of shares of common stock we could repurchase with the proceeds we received from the issuance of common stock under the DRIP or (ii) 2.5% of the weighted-average number of shares of common stock outstanding in the prior four calendar quarters. Repurchase offers are currently limited to the number of shares of common stock we can repurchase with 90% of the cash retained as a result of issuances of common stock under the DRIP.

In addition to our share repurchase program, during the fiscal year ended December 31, 2023, we used proceeds from the sale of our shares during 2023 discussed above to complete three modified “Dutch auction” tender offers,

pursuant to which we offered to purchase up to a specified amount of shares of our common stock at the lowest clearing purchase price elected by participating stockholders within a specified range that allowed us to purchase the maximum amount offered. All shares purchased in a “Dutch auction” tender offer were purchased at the clearing purchase price. SEC rules permitted us to increase the number of shares accepted for purchase in any offer by up to 2% of our outstanding shares without amending the offer. For the year ended December 31, 2023, we purchased 1,267,667 shares of our common stock for \$7.8 million through our modified Dutch auction tender offers.

See *Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities* of this Annual Report on Form 10-K and *Item 2. Unregistered Sales of Equity Securities and Use of Proceeds* of our quarterly reports on Form 10-Q for more information regarding repurchases of our common stock during the year ended December 31, 2023.

Capital Resources

As of December 31, 2023, we had \$30.8 million in cash and cash equivalents and \$129.3 million of unused capacity under the Credit Facilities, which we maintain to support our investment and operating activities. As of December 31, 2023, our NAV totaled \$622.3 million, or \$7.77 per share.

As of December 31, 2023, we had \$132.0 million outstanding and \$33.0 million of undrawn commitments under our Corporate Facility and \$203.7 million outstanding and \$96.3 million of undrawn commitments under our SPV Facility, both of which we estimated approximated fair value. Availability under our Credit Facilities is subject to certain leverage and borrowing base limitations, various covenants, reporting requirements and other customary requirements for similar credit facilities. In August 2023, the SPV facility was amended to extend the revolving period expiration date from February 3, 2024 to February 3, 2027 and the maturity date from February 3, 2025 to February 3, 2028. Additionally, total commitments were reduced from \$325.0 million to \$300.0 million. For further information on our Credit Facilities, including key terms and financial covenants, refer to *Note E — Debt* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

In October 2021, we issued \$77.5 million in aggregate principal amount of our 4.04% Series A Senior Notes due 2026 (the “Series A Notes”), and we issued an additional \$72.5 million of Series A Notes in January 2022, all of which remained outstanding as of December 31, 2023. For more information on our Series A Notes, including key terms and financial covenants, refer to *Note E — Debt* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

During the years ended December 31, 2023 and 2022, on certain dividend payment dates we sold shares of our common stock to Main Street at the price at which we issued new shares in connection with reinvestments of dividends pursuant to the DRIP. In each of these transactions, the issuance and sale of shares were exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and were unanimously approved by our Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or our Adviser. During the year ended December 31, 2023, we sold 1,080,185 shares to Main Street at a weighted-average price of \$7.87 for total proceeds, prior to payment of expenses, of \$8.5 million. During the year ended December 31, 2022, we sold 94,697 shares to Main Street at a price of \$7.92 for total proceeds, prior to payment of expenses, of \$0.8 million.

We closed our continuous follow-on public offering of shares to new investors effective September 2017. As such, our ability to raise additional equity is limited.

As a BDC, we generally are required to maintain a coverage ratio, or BDC asset coverage ratio, of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200% (or 150% if certain requirements are met in the future). This requirement limits the amount that we may borrow. As of December 31, 2023, our BDC asset coverage ratio was 228%. The combination of these factors limits our access to capital to fund future investment activities or operating requirements, including our ability to grow the Investment Portfolio. We anticipate that we will continue to fund our investment activities and operating requirements through existing cash and cash equivalents, cash flows generated through our ongoing operating activities, including cash proceeds from the repayments and from the sales of investments in our portfolio companies, and utilization of available borrowings under our Credit Facilities. Our primary uses of funds will be investments in portfolio companies, operating expenses, cash distributions to holders of our common stock and share repurchases under our share repurchase programs.

We periodically invest excess cash balances into marketable securities and idle funds investments. The primary investment objective of marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our Private Loan, LMM and Middle Market portfolio investments. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, diversified bond funds and publicly traded debt and equity investments.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders, after consideration and application of our ability under the Code to carry forward certain excess undistributed taxable income from one tax year into the next tax year, substantially all of our taxable income.

Although we have been able to secure access to additional liquidity, including through the Credit Facilities and the Note Purchase Agreement, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Recently Issued or Adopted Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards and any that are not yet effective will not have a material impact on our consolidated financial statements upon adoption. For a description of recently issued or adopted accounting standards, see *Note B.11. — Summary of Significant Accounting Policies — Recently Issued or Adopted Accounting Standards* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

Inflation

Inflation has not historically had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, specifically including over the last few years, as a result of recent geopolitical events, supply chain and labor issues, and may continue to experience, the increasing impacts of inflation on their operating results, including periodic escalations in their costs for labor, raw materials and third-party services and required energy consumption. These issues and challenges related to inflation are receiving significant attention from our investment teams and the management teams of our portfolio companies as we work to manage these growing challenges. Prolonged or more severe impacts of inflation to our portfolio companies could continue to affect their operating profits and, thereby, increase their borrowing costs, and as a result negatively impact their ability to service their debt obligations and/or reduce their available cash for distributions. In addition, these factors could have a negative effect on the fair value of our investments in these portfolio companies. The combined impacts therefrom in turn could negatively affect our results of operations.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the Consolidated Balance Sheets. At December 31, 2023, we had a total of \$70.8 million in outstanding commitments comprised of (i) 66 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) three investments with equity capital commitments that had not been fully called.

Contractual Obligations

As of December 31, 2023, we had \$485.7 million in total borrowings outstanding under our Credit Facilities and Series A Notes. The Corporate Facility will mature on March 1, 2026. The SPV Facility will mature on February 3, 2028. The Series A Notes will mature on October 30, 2026. See further discussion of the terms of our Credit Facilities, Series A Notes and other debt in *Note E — Debt* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

A summary of our significant contractual payment obligations for the repayment of outstanding borrowings at December 31, 2023 is as follows.

	2024	2025	2026	2027	2028	Thereafter	Total
	(dollars in thousands)						
SPV Facility ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ 203,688	\$ —	\$ 203,688
Series A Notes	—	—	150,000	—	—	—	150,000
Interest due on Series A Notes	6,060	6,060	6,060	—	—	—	18,180
Corporate Facility ⁽²⁾	—	—	132,000	—	—	—	132,000
Total	\$ 6,060	\$ 6,060	\$ 288,060	\$ —	\$ 203,688	\$ —	\$ 503,868

(1) As of December 31, 2023, \$96.3 million remained available to borrow under the SPV Facility; however, our borrowing ability is limited to leverage and borrowing base restrictions imposed by the SPV Facility and the 1940 Act, as discussed above.

(2) As of December 31, 2023, \$33.0 million remained available to borrow under the Corporate Facility; however, our borrowing ability is limited to leverage and borrowing base restrictions imposed by the Corporate Facility and the 1940 Act, as discussed above.

Related Party Transactions and Agreements

We have entered into agreements with our Adviser and/or certain of its affiliates and other parties whereby we pay certain fees and reimbursements to these entities. These included payments for selling commissions and fees and for reimbursement of offering costs. In addition, we make payments for certain services that include the identification, execution and management of our investments and also the management of our day-to-day operations provided to us by our Adviser, pursuant to various agreements that we have entered into. See *Note K — Related Party Transactions* included in *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K for additional information regarding these related party transactions and agreements.

Recent Developments

On January 31, 2024, we sold 314,070 shares of our common stock to Main Street at \$7.96 per share, the price at which we issued new shares in connection with reinvestments of the January 31, 2024 dividend pursuant to the DRIP, for total proceeds to us of \$2.5 million. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act and were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of us or our Adviser.

On January 31, 2024, we repurchased 518,173 shares of our common stock validly tendered and not withdrawn on the terms set forth in our tender offer statement on Schedule TO and Offer to Purchase filed with the SEC on December 21, 2023. The shares were repurchased at a price of \$7.81 per share, which was our NAV per share as of January 31, 2024, for an aggregate purchase price of \$4.0 million (an amount equal to 90% of the proceeds we received from the issuance of shares under the DRIP from our January 31, 2024 dividend payment).

On February 5, 2024, we commenced a modified “Dutch Auction” tender offer (the “February Dutch Auction Tender Offer”) pursuant to the Offer to Purchase, dated February 5, 2024, which expired on March 4, 2024. Pursuant to the February Dutch Auction Tender Offer, we repurchased 357,143 shares on March 8, 2024, at a price of \$7.00 per share for an aggregate cost of \$2.5 million, excluding fees and expenses related to the February Dutch Auction Tender Offer.

In March 2024, our Board of Directors declared a quarterly cash dividend of \$0.185 per share payable May 1, 2024 to stockholders of record as of March 29, 2024. Additionally, our Board of Directors approved a repurchase offer pursuant to our share repurchase program in an amount equal to 90% of the proceeds resulting from shares issued in lieu of cash distributions from the May 1, 2024 dividend payment.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates, and changes in interest rates may affect both our interest expense on the debt outstanding under our Credit Facilities and our interest income from portfolio investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rate indices, including SOFR and Prime rates, to the extent that any debt investments include floating interest rates. See *Risk Factors — Risks Related to our Investments — The discontinuation and replacement of LIBOR may adversely affect the value of floating-rate debt securities in our portfolio or issued by us.*, *Risk Factors — Risks Related to our Business and Structure — We are subject to risks associated with the interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments.* and *Risk Factors — Risks Related to Leverage — Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.* included in *Item 1A. Risk Factors* of this Annual Report on Form 10-K for more information regarding risks associated with our debt investments and borrowings that utilize SOFR or Prime as a reference rate.

The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of December 31, 2023, 78% of our debt Investment Portfolio (at cost) bore interest at floating rates, 95% of which were subject to contractual minimum interest rates. As of December 31, 2023, 31% of our debt obligations bore interest at fixed rates. Our interest expense will be affected by changes in the published SOFR rate in connection with our Credit Facilities; however, the interest rates on our outstanding Series A Notes are fixed for the life of such debt. As of December 31, 2023, we had not entered into any interest rate hedging arrangements. Due to our limited use of derivatives, we have claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act and, therefore, are not subject to registration or regulation as a pool operator under such Act. The Company expects to operate as a “limited derivatives user” under Rule 18f-4 under the 1940 Act.

The following table shows the approximate annualized increase or decrease in the components of net investment income due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of December 31, 2023.

Basis Point Change	Increase (Decrease) in Interest Income	(Increase) Decrease in Interest Expense	Increase (Decrease) in Pre Incentive Fee Net Investment Income	(Increase) Decrease in Incentive Fee Expense	Increase (Decrease) in Net Investment Income	Increase (Decrease) in Net Investment Income per Share
	(dollars in thousands, except per share amounts)					
(200)	\$ (13,142)	\$ 6,714	\$ (6,428)	\$ 3,678	\$ (2,750)	\$ (0.03)
(175)	(11,499)	5,875	(5,624)	3,678	(1,946)	(0.02)
(150)	(9,857)	5,035	(4,822)	3,678	(1,144)	(0.01)
(125)	(8,214)	4,196	(4,018)	3,171	(847)	(0.01)
(100)	(6,571)	3,357	(3,214)	2,367	(847)	(0.01)
(75)	(4,928)	2,518	(2,410)	1,563	(847)	(0.01)
(50)	(3,286)	1,678	(1,608)	761	(847)	(0.01)
(25)	(1,643)	839	(804)	161	(643)	(0.01)
25	1,643	(839)	804	(161)	643	0.01
50	3,286	(1,678)	1,608	(322)	1,286	0.02
75	4,928	(2,518)	2,410	(482)	1,928	0.02
100	6,571	(3,357)	3,214	(643)	2,571	0.03
125	8,214	(4,196)	4,018	(804)	3,214	0.04
150	9,857	(5,035)	4,822	(964)	3,858	0.05
175	11,499	(5,875)	5,624	(1,125)	4,499	0.06
200	13,142	(6,714)	6,428	(1,286)	5,142	0.06

Although we believe that this analysis is indicative of the impact of interest rate changes to our Net Investment Income as of December 31, 2023, the analysis does not take into consideration future changes in the credit market, credit quality or other business or economic developments that could affect our Net Investment Income. Accordingly, we can offer no assurances that actual results would not differ materially from the analysis above. The hypothetical results assume that all SOFR and Prime rate changes would be effective on the first day of the period. However, the contractual SOFR and Prime rate reset dates would vary throughout the period. The majority of our investments are based on contracts which reset quarterly while our Corporate Facility and our SPV Facility reset on a monthly and quarterly basis, respectively. The hypothetical results would also be impacted by the changes in the amount of debt outstanding under our Credit Facilities (with an increase (decrease) in the debt outstanding under the Credit Facilities resulting in an (increase) decrease in the hypothetical interest expense).

Item 8. Consolidated Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
MSC Income Fund, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of MSC Income Fund, Inc. (a Maryland corporation) and subsidiaries (the “Company”), including the consolidated schedules of investments, as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule included under Item 15(b) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities as of December 31, 2023, by correspondence with the portfolio companies and custodians; when replies were not received, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value of Investments

As described further in Note C to the financial statements, the Company’s investments recorded at fair value, categorized as Level 3 investments within the fair value hierarchy, totaled \$1,092,895 thousand at December 31, 2023. Approximately 95% of these investments have no readily available market values and are measured using significant unobservable inputs and assumptions, and generally use valuation techniques such as the income and market approach. The significant unobservable inputs disclosed by management include, among others, weighted-average cost of capital (“WACC”) inputs and market multiples for equity investments, and risk adjusted discount rates and percentage of expected principal recovery for debt investments. Changes in these assumptions could have a significant impact on the determination of fair value. As such, we identified fair value of Level 3 investments measured using significant unobservable inputs and assumptions as a critical audit matter.

The principal considerations for our determination that fair value of Level 3 investments measured using significant unobservable inputs is a critical audit matter are the significant management judgements used in developing complex valuation techniques and inherent estimation uncertainty. Auditing these investments requires a high degree of subjective auditor judgement, including use of valuation professionals with specialized skills and knowledge, to evaluate the reasonableness of unobservable inputs and assumptions.

Our audit procedures related to the critical audit matter included the following, among others:

- Testing the design and operating effectiveness of controls over management’s process to determine investment fair value. Specifically, we identified and tested key attributes of management’s fair value determination review. These attributes addressed the relevance, adequacy and appropriateness of the data, assumptions, valuation methods, and mathematical accuracy used to determine investment fair value as of the reporting date.
- Evaluated the ability to estimate fair value by comparing prior period fair values to transaction prices of transactions occurring subsequent to the prior period valuation date.
- With the assistance of internal valuation specialists to evaluate and test managements process to develop the valuation estimates, we performed substantive audit procedures to determine mathematical accuracy and to determine that the data, valuation methods, and significant unobservable inputs and assumptions used to determine investment fair value as of the Company’s reporting date were reasonable. We tested certain key inputs/assumptions for a selection of investments, including the following, as applicable:
 - enterprise values,
 - weighted average cost of capital (“WACC”),
 - discount rates,
 - forecasted cash flows and long-term growth rates,
 - discount for lack of marketability,
 - market multiples,
 - weighting between valuation techniques,
 - risk adjusted discount factor, and
 - percentage of expected principal recovery.

In testing the above, we considered available third-party market information and published studies, current economic conditions and subsequent events, and other information that could be corroborated to source information.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2012.

Houston, Texas
March 8, 2024

MSC INCOME FUND, INC.
Consolidated Balance Sheets

(dollars in thousands, except shares and per share amounts)

	December 31, 2023	December 31, 2022
ASSETS		
Investments at fair value:		
Control investments (cost: \$43,159 and \$31,120 as of December 31, 2023 and December 31, 2022, respectively)	\$ 53,644	\$ 50,303
Affiliate investments (cost: \$231,378 and \$241,565 as of December 31, 2023 and December 31, 2022, respectively)	291,279	277,000
Non-Control/Non-Affiliate investments (cost: \$763,781 and \$787,201 as of December 31, 2023 and December 31, 2022, respectively)	747,972	740,840
Total investments (cost: \$1,038,318 and \$1,059,886 as of December 31, 2023 and December 31, 2022, respectively)	1,092,895	1,068,143
Cash and cash equivalents	30,786	21,312
Interest and dividend receivable	10,541	11,917
Receivable for securities sold	171	464
Deferred financing costs (net of accumulated amortization of \$4,168 and \$2,413 as of December 31, 2023 and December 31, 2022, respectively)	3,416	2,908
Prepays and other assets	2,091	2,420
Total assets	<u>\$ 1,139,900</u>	<u>\$ 1,107,164</u>
LIABILITIES		
Credit Facilities	\$ 335,688	\$ 321,688
Series A Notes due 2026 (par: \$150,000 as of both December 31, 2023 and December 31, 2022)	149,155	148,856
Accounts payable and other liabilities	255	1,292
Payable for securities purchased	206	—
Interest payable	6,266	5,443
Dividend payable	14,019	12,816
Management and incentive fees payable	8,745	7,042
Deferred tax liability, net	3,259	362
Total liabilities	517,593	497,499
Commitments and contingencies (Note J)		
NET ASSETS		
Common stock, \$0.001 par value per share (450,000,000 shares authorized; 80,108,865 and 80,105,999 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively)	80	80
Additional paid-in capital	686,136	684,165
Total overdistributed earnings	(63,909)	(74,580)
Total net assets	622,307	609,665
Total liabilities and net assets	<u>\$ 1,139,900</u>	<u>\$ 1,107,164</u>
NET ASSET VALUE PER SHARE	<u>\$ 7.77</u>	<u>\$ 7.61</u>

The accompanying notes are an integral part of these consolidated financial statements

MSC INCOME FUND, INC.

Consolidated Statements of Operations

(dollars in thousands, except shares and per share amounts)

	Year Ended December 31,		
	2023	2022	2021
INVESTMENT INCOME:			
Interest, fee and dividend income:			
Control investments	\$ 3,101	\$ 3,223	\$ 2,810
Affiliate investments	29,805	24,057	18,244
Non-Control/Non-Affiliate investments	98,480	76,485	69,074
Total investment income	131,386	103,765	90,128
EXPENSES:			
Interest	(36,458)	(24,423)	(14,469)
Base management fees	(19,828)	(19,831)	(17,316)
Incentive fees	(12,569)	(2,130)	(557)
Internal administrative services expenses	(8,916)	(5,147)	(4,317)
General and administrative	(4,254)	(3,905)	(4,427)
Total expenses before expense waivers	(82,025)	(55,436)	(41,086)
Waiver of internal administrative services expenses	8,308	4,540	4,317
Total expenses, net of expense waivers	(73,717)	(50,896)	(36,769)
NET INVESTMENT INCOME	57,669	52,869	53,359
NET REALIZED GAIN (LOSS):			
Control investments	2,223	—	—
Affiliate investments	(7,188)	(7,327)	(2,673)
Non-Control/Non-Affiliate investments	(29,045)	3,391	2,175
Realized loss on extinguishment of debt	—	—	(2,430)
Total net realized loss	(34,010)	(3,936)	(2,928)
NET UNREALIZED APPRECIATION (DEPRECIATION):			
Control investments	(1,289)	1,503	2,001
Affiliate investments	25,116	15,689	10,237
Non-Control/Non-Affiliate investments	22,492	(18,894)	12,857
Total net unrealized appreciation (depreciation)	46,319	(1,702)	25,095
INCOME TAXES:			
Federal and state income, excise and other taxes	(872)	(1,281)	(1,890)
Deferred taxes	(2,897)	(362)	—
Income tax provision	(3,769)	(1,643)	(1,890)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 66,209	\$ 45,588	\$ 73,636
NET INVESTMENT INCOME PER SHARE—BASIC AND DILUTED	\$ 0.72	\$ 0.66	\$ 0.67
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE—BASIC AND DILUTED	\$ 0.82	\$ 0.57	\$ 0.92
WEIGHTED-AVERAGE SHARES OUTSTANDING—BASIC AND DILUTED	80,269,002	79,993,040	79,873,537

The accompanying notes are an integral part of these consolidated financial statements

MSC INCOME FUND, INC.

Consolidated Statements of Changes in Net Assets

(dollars in thousands, except shares)

	Common Stock		Additional Paid-In Capital	Total Overdistributed Earnings	Total Net Asset Value
	Number of Shares	Par Value			
Balances at December 31, 2020	79,608,304	\$ 80	\$ 682,028	\$ (102,484)	\$ 579,624
Issuance of common stock	89,705	—	674	—	674
Dividend reinvestment	1,461,714	1	11,159	—	11,160
Common stock repurchased	(1,333,118)	(1)	(10,064)	—	(10,065)
Net increase resulting from operations	—	—	—	73,636	73,636
Dividends to stockholders	—	—	—	(41,859)	(41,859)
Reclassification for certain permanent book-to-tax differences	—	—	(1,371)	1,371	—
Balances at December 31, 2021	79,826,605	\$ 80	\$ 682,426	\$ (69,336)	\$ 613,170
Issuance of common stock	94,697	—	750	—	750
Dividend reinvestment	2,259,611	2	17,748	—	17,750
Common stock repurchased	(2,074,914)	(2)	(15,984)	—	(15,986)
Net increase resulting from operations	—	—	—	45,588	45,588
Dividends to stockholders	—	—	—	(51,607)	(51,607)
Reclassification for certain permanent book-to-tax differences	—	—	(775)	775	—
Balances at December 31, 2022	80,105,999	\$ 80	\$ 684,165	\$ (74,580)	\$ 609,665
Issuance of common stock	1,080,185	1	8,499	—	8,500
Dividend reinvestment	2,345,246	2	18,415	—	18,417
Common stock repurchased	(3,422,565)	(3)	(24,424)	—	(24,427)
Net increase resulting from operations	—	—	—	66,209	66,209
Dividends to stockholders	—	—	—	(56,057)	(56,057)
Reclassification for certain permanent book-to-tax differences	—	—	(519)	519	—
Balances at December 31, 2023	80,108,865	\$ 80	\$ 686,136	\$ (63,909)	\$ 622,307

The accompanying notes are an integral part of these consolidated financial statements

MSC INCOME FUND, INC.
Consolidated Statements of Cash Flows

(dollars in thousands)

	Year Ended December 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in net assets resulting from operations	\$ 66,209	\$ 45,588	\$ 73,636
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:			
Investments in portfolio companies	(236,404)	(217,226)	(546,882)
Proceeds from sales and repayments of debt investments in portfolio companies	223,154	247,455	312,806
Proceeds from sales and return of capital of equity investments in portfolio companies	15,595	—	—
Net unrealized (appreciation) depreciation	(46,319)	1,702	(25,095)
Net realized loss on portfolio investments	34,010	3,936	498
Realized loss on extinguishment of debt	—	—	2,430
Amortization of deferred financing costs	2,053	1,463	1,277
Amortization of deferred offering costs	129	276	230
Accretion of unearned income	(7,833)	(5,054)	(5,139)
Payment-in-kind interest	(5,023)	(4,057)	(5,361)
Cumulative dividends	(172)	(669)	—
Deferred tax provision	2,897	362	—
Changes in other assets and liabilities:			
Interest and dividend receivable	116	1,074	(4,688)
Prepaid and other assets	329	(361)	380
Management and incentive fees payable	1,703	1,853	1,137
Interest payable	823	2,350	2,807
Accounts payable and other liabilities	(1,037)	(2,016)	816
Net cash provided by (used in) operating activities	50,230	76,676	(191,148)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	8,500	750	674
Redemption of common stock	(24,427)	(15,984)	(10,065)
Payment of offering costs	(129)	(276)	(230)
Dividends paid	(36,438)	(33,018)	(18,725)
Proceeds from Credit Facilities	150,000	115,000	489,688
Repayments on Credit Facilities	(136,000)	(220,000)	(364,816)
Proceeds from Series A Notes due 2026	—	72,500	77,500
Proceeds from Main Street Term Loan	—	—	60,000
Repayments of Main Street Term Loan	—	—	(60,000)
Payment of deferred financing costs	(2,262)	(149)	(6,131)
Net cash provided by (used in) financing activities	(40,756)	(81,177)	167,895
Net increase (decrease) in cash and cash equivalents	9,474	(4,501)	(23,253)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	21,312	25,813	49,066
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 30,786</u>	<u>\$ 21,312</u>	<u>\$ 25,813</u>
Supplemental cash flow disclosures:			
Interest paid	\$ 33,594	\$ 20,610	\$ 10,385
Taxes paid	\$ 2,003	\$ 2,469	\$ 1,324
Non-cash financing activities:			
Dividends declared and unpaid	\$ 14,019	\$ 12,816	\$ 11,974
Value of shares issued pursuant to the DRIP	\$ 18,417	\$ 17,750	\$ 11,160

The accompanying notes are an integral part of these consolidated financial statements

MSC INCOME FUND, INC.
Consolidated Schedule of Investments
December 31, 2023
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Control Investments (5)											
Copper Trail Fund Investments	(12) (13) Investment Partnership	LP Interests (CTMH, LP)	(8) (24)	7/17/2017	38.8%					\$ 693	\$ 568
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products	Secured Debt		12/21/2018	11.48%	SF+ 6.00%		10/29/2026	1,182	1,173	1,182
		Secured Debt		12/19/2014	13.48%	SF+ 8.00%		10/29/2026	19,944	19,803	19,944
		Member Units		12/19/2014	2,896					6,435	21,890
										27,411	43,016
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (2717 MH, L.P.)	(8) (24)	10/1/2017	49.3%					3,345	6,050
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions	Secured Debt		3/31/2023	10.00%			3/31/2025	900	900	900
		Preferred Member Units		3/31/2023	2,184,683					3,706	3,110
		Preferred Member Units		3/31/2023	61,077					—	—
		Preferred Member Units		1/26/2015	2,090,001					6,000	—
		Common Stock		3/31/2023	772,620					1,104	—
										11,710	4,010
Subtotal Control Investments (8.6% of net assets at fair value)										\$ 43,159	\$ 53,644
Affiliate Investments (6)											
Analytical Systems Keco Holdings, LLC	Manufacturer of Liquid and Gas Analyzers	Secured Debt	(9)	8/16/2019	15.38%	SF+ 10.00%		8/16/2024	\$ 55	\$ 54	\$ 54
		Secured Debt	(9)	8/16/2019	15.38%	SF+ 10.00%		8/16/2024	1,031	1,020	1,020
		Preferred Member Units		5/20/2021	607					607	1,210
		Preferred Member Units		8/16/2019	800	14.13%				800	—
		Warrants	(27)	8/16/2019	105			8/16/2029		79	—
										2,560	2,284
Barfly Ventures, LLC	(10) Casual Restaurant Group	Member Units		10/26/2020	12					528	1,380
Batjer TopCo, LLC	HVAC Mechanical Contractor	Secured Debt	(37)	3/7/2022				3/7/2027	—	(1)	—
		Secured Debt		3/7/2022	10.00%			3/7/2027	30	30	30
		Secured Debt		3/7/2022	10.00%			3/7/2027	1,175	1,160	1,175
		Preferred Stock	(8)	3/7/2022	453					455	680
										1,644	1,885
Brewer Crane Holdings, LLC	Provider of Crane Rental and Operating Services	Secured Debt	(9)	1/9/2018	15.46%	L+ 10.00%		1/9/2025	1,375	1,375	1,374
		Preferred Member Units	(8)	1/9/2018	737					1,070	1,400
										2,445	2,774

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2023
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Centre Technologies Holdings, LLC	Provider of IT Hardware Services and Software Solutions	Secured Debt	(9) (37) 1/4/2019			SF+ 9.00%		1/4/2026	—	—	—
		Secured Debt	(9) 1/4/2019		14.48%	SF+ 9.00%		1/4/2026	4,394	4,364	4,394
		Preferred Member Units	1/4/2019	3,327						1,531	2,760
										<u>5,895</u>	<u>7,154</u>
Chamberlin Holding LLC	Roofing and Waterproofing Specialty Contractor	Secured Debt	(9) (37) 2/26/2018			SF+ 6.00%		2/26/2026	—	(49)	—
		Secured Debt	(9) 2/26/2018		13.49%	SF+ 8.00%		2/26/2026	3,905	3,903	3,905
		Member Units	(8) 2/26/2018	1,087						2,860	7,330
		Member Units	(8) (23) 11/2/2018	261,786						443	715
										<u>7,157</u>	<u>11,950</u>
Charps, LLC	Pipeline Maintenance and Construction	Preferred Member Units	(8) 2/3/2017	457						491	3,920
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal	Secured Debt			11.50%			1/15/2024	2,140	2,140	2,103
		Secured Debt			10.00%			12/20/2036	253	251	251
		Member Units	(8) 12/20/2016	179						1,820	1,300
		Member Units	(23) 12/20/2016	200						127	282
										<u>4,338</u>	<u>3,936</u>
Cody Pools, Inc.	Designer of Residential and Commercial Pools	Secured Debt	(37) 3/6/2020					12/17/2026	—	(2)	—
		Secured Debt	3/6/2020		12.50%			12/17/2026	7,111	7,089	7,111
		Preferred Member Units	(8) (23) 3/6/2020	147						2,079	18,120
										<u>9,166</u>	<u>25,231</u>
Colonial Electric Company LLC	Provider of Electrical Contracting Services	Secured Debt	(37) 3/31/2021					3/31/2026	—	—	—
		Secured Debt	3/31/2021		12.00%			3/31/2026	5,513	5,448	5,407
		Preferred Member Units	6/27/2023	240						240	600
		Preferred Member Units	3/31/2021	4,320						1,920	1,920
										<u>7,608</u>	<u>7,927</u>
Compass Systems & Sales, LLC	Designer of End-to-End Material Handling Solutions	Secured Debt	(37) 11/22/2023					11/22/2028	—	—	—
		Secured Debt	11/22/2023		13.50%			11/22/2028	4,300	4,175	4,175
		Preferred Equity	11/22/2023	1,863						1,863	1,863
										<u>6,038</u>	<u>6,038</u>
Datacom, LLC	Technology and Telecommunications Provider	Secured Debt	3/1/2022		7.50%			12/31/2025	50	49	49
		Secured Debt	3/31/2021		10.00%			12/31/2025	928	887	844
		Preferred Member Units	3/31/2021	1,000						290	10
										<u>1,226</u>	<u>903</u>

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2023
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Digital Products Holdings LLC	Designer and Distributor of Consumer Electronics	Secured Debt	(9) 4/1/2018		15.38%	SF+ 10.00%		4/27/2026	3,718	3,689	3,673
		Preferred Member Units	(8) 4/1/2018	964						2,375	2,459
										6,064	6,132
Direct Marketing Solutions, Inc.	Provider of Omni-Channel Direct Marketing Services	Secured Debt	2/13/2018		14.00%			2/13/2026	217	213	217
		Secured Debt	12/27/2022		14.00%			2/13/2026	5,002	4,974	5,002
		Preferred Stock	(8) 2/13/2018	2,100						2,100	5,180
										7,287	10,399
Flame King Holdings, LLC	Propane Tank and Accessories Distributor	Preferred Equity	(8) 10/29/2021	2,340						2,600	6,970
Freeport Financial Funds	(12) (13) Investment Partnership	LP Interests (Freeport First Lien Loan Fund III LP)	(8) (24) 7/31/2015	6.0%						4,160	3,705
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems	Secured Debt	(9) (36) 6/24/2016			SF+ 7.50%		1/1/2028	—	—	—
		Secured Debt	(9) (36) 12/15/2022		10.50%	SF+ 7.50%		1/1/2028	13,520	13,336	13,520
		Member Units	(8) 6/24/2016	2,261						4,423	24,180
										17,759	37,700
GFG Group, LLC	Grower and Distributor of a Variety of Plants and Products to Other Wholesalers, Retailers and Garden Centers	Secured Debt	3/31/2021		8.00%			3/31/2026	2,336	2,304	2,336
		Preferred Member Units	(8) 3/31/2021	56						1,225	2,870
										3,529	5,206
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing	Secured Debt	(9) (37) 9/29/2017			SF+ 9.50%		7/1/2027	—	—	—
		Secured Debt	7/1/2022		12.50%			7/1/2027	600	600	571
		Preferred Equity	7/1/2022	15,930						1,400	620
		Member Units	4/29/2016	920						920	—
										2,920	1,191
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (HPEP 3, L.P.)	(24) 8/9/2017	8.2%						2,296	4,225
IG Investor, LLC	Military and Other Tactical Gear	Secured Debt	(37) 6/21/2023					6/21/2028	—	(27)	(27)
		Secured Debt	6/21/2023		13.00%			6/21/2028	9,316	9,069	9,069
		Common Equity	6/21/2023	3,600						3,600	3,600
										12,642	12,642

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2023
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Independent Pet Partners Intermediate Holdings, LLC (10)	Omnichannel Retailer of Specialty Pet Products	Common Equity	4/7/2023	6,436,566						6,540	6,320
Integral Energy Services (10)	Nuclear Power Staffing Services	Secured Debt (9)	8/20/2021		13.16%	SF+ 7.50%		8/20/2026	16,925	16,737	16,232
		Preferred Equity	12/7/2023	3,725	10.00%		10.00%			265	350
		Common Stock	8/20/2021	11,647						1,584	190
										18,586	16,772
Kickhaefer Manufacturing Company, LLC	Precision Metal Parts Manufacturing	Secured Debt	10/31/2018		12.00%			10/31/2026	4,950	4,933	4,933
		Secured Debt	10/31/2018		9.00%			10/31/2048	960	951	951
		Preferred Equity	10/31/2018	145						3,060	2,420
		Member Units (23)	10/31/2018	200						248	683
										9,192	8,987
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products	Secured Debt (17)	8/31/2015		13.00%			12/31/2022	1,350	1,350	1,256
		Preferred Member Units	3/15/2019	16,500						1,100	80
		Preferred Member Units	9/1/2015	1,000						1,500	—
										3,950	1,336
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers	Secured Debt (37)	8/18/2014					1/31/2024	—	—	—
		Secured Debt	8/18/2014		10.00%			1/31/2024	1,436	1,436	1,436
		Common Stock (8)	8/18/2014	1,468						680	6,598
										2,116	8,034
NexRev LLC	Provider of Energy Efficiency Products & Services	Secured Debt (37)	2/28/2018					2/28/2025	—	—	—
		Secured Debt	2/28/2018		10.00%			2/28/2025	2,453	2,435	2,435
		Preferred Member Units (8)	2/28/2018	25,786,046						2,053	1,590
										4,488	4,025
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment	Secured Debt (9)	1/31/2017		11.98%	SF+ 6.50%		1/31/2025	900	899	899
		Secured Debt	1/31/2017		12.00%			1/31/2025	4,610	4,606	4,606
		Preferred Member Units	11/2/2022	515						515	1,290
		Preferred Member Units	1/31/2017	102						2,550	2,310
										8,570	9,105
Oneliance, LLC	Construction Cleaning Company	Secured Debt (9)	8/6/2021		16.48%	SF+ 11.00%		8/6/2026	1,360	1,346	1,339
		Preferred Stock	8/6/2021	282						282	282
										1,628	1,621
Orttech Holdings, LLC	Distributor of Industrial Clutches, Brakes and Other Components	Secured Debt (9) (37)	7/30/2021			SF+ 11.00%		7/31/2026	—	(2)	—

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2023
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Secured Debt	(9) 7/30/2021		16.48%	SF+ 11.00%		7/31/2026	5,510	5,452	5,510
		Preferred Stock	(8) (23) 7/30/2021	2,500						2,500	4,260
										7,950	9,770
Pinnacle TopCo, LLC	Manufacturer and Distributor of Garbage Can Liners, Poly Bags, Produce Bags, and Other Similar Products										
		Secured Debt	12/21/2023		8.00%			12/31/2028	115	105	105
		Secured Debt	12/21/2023		13.00%			12/31/2028	7,660	7,472	7,472
		Preferred Equity	12/21/2023	110						3,135	3,135
										10,712	10,712
Robbins Bros. Jewelry, Inc.	Bridal Jewelry Retailer										
		Secured Debt	(37) 12/15/2021					12/15/2026	—	(6)	(6)
		Secured Debt	12/15/2021		12.50%			12/15/2026	3,790	3,745	3,421
		Preferred Equity	12/15/2021	1,230						1,230	—
										4,969	3,415
SI East, LLC	Rigid Industrial Packaging Manufacturing										
		Secured Debt	8/31/2018		11.25%			6/16/2028	375	370	375
		Secured Debt	6/16/2023		12.47%			6/16/2028	18,179	18,019	18,179
		Preferred Member Units	(8) 8/31/2018	55						508	6,390
										18,897	24,944
Student Resource Center, LLC	(10) Higher Education Services										
		Secured Debt	(14) 12/31/2022		8.50%		8.50%	12/31/2027	5,918	5,426	3,543
		Preferred Equity	12/31/2022	6,564,055						—	—
										5,426	3,543
Tedder Industries, LLC	Manufacturer of Firearm Holsters and Accessories										
		Secured Debt	(17) 8/31/2018		12.00%			8/31/2023	460	460	432
		Secured Debt	(17) 8/31/2018		12.00%			8/31/2023	3,800	3,800	3,565
		Preferred Member Units	8/28/2023	1,651						165	—
		Preferred Member Units	2/1/2023	1,411						141	—
		Preferred Member Units	8/31/2018	136						2,311	—
										6,877	3,997
Trantech Radiator Topco, LLC	Transformer Cooling Products and Services										
		Secured Debt	(37) 5/31/2019					5/31/2024	—	(1)	—
		Secured Debt	5/31/2019		12.00%			5/31/2024	1,980	1,975	1,980
		Common Stock	(8) 5/31/2019	154						1,164	3,180
										3,138	5,160
VVS Holdco LLC	Omnichannel Retailer of Animal Health Products										
		Secured Debt	(9) (17) (37) 12/1/2021			SF+ 6.00%		12/1/2023	—	—	—
		Secured Debt	12/1/2021		11.50%			12/1/2026	7,050	6,926	6,926
		Preferred Equity	(8) (23) 12/1/2021	3,060						3,060	3,060
										9,986	9,986
Subtotal Affiliate Investments (46.8% of net assets at fair value)										\$ 231,378	\$ 291,279
Non-Control Investments (7)											
AAC Holdings, Inc.	(11) Substance Abuse Treatment Service Provider										

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
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Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt	1/31/2023		18.00%		18.00%	6/25/2025	\$ 151	\$ 149	\$ 149
			Secured Debt	12/11/2020		18.00%		18.00%	6/25/2025	5,014	4,888	4,958
			Common Stock	12/11/2020	593,927						3,148	—
			Warrants	12/11/2020	197,717				12/11/2025		—	—
											8,185	5,107
AB Centers Acquisition Corporation	(10)	Applied Behavior Analysis Therapy Provider										
			Secured Debt	(9) (37) 9/6/2022			P+ 5.00%		9/6/2028	—	(20)	—
			Secured Debt	(9) 9/6/2022		11.43%	SF+ 6.00%		9/6/2028	1,081	1,066	1,081
			Secured Debt	(9) 9/6/2022		11.43%	SF+ 6.00%		9/6/2028	2,304	2,219	2,304
			Secured Debt	(9) 6/21/2023		11.43%	SF+ 6.00%		9/6/2028	772	743	772
											4,008	4,157
Acumera, Inc.	(10)	Managed Security Service Provider										
			Secured Debt	(9) (37) 6/7/2023			SF+ 7.50%		6/7/2028	—	(8)	(8)
			Secured Debt	(9) 6/7/2023		12.98%	SF+ 7.50%		6/7/2028	11,922	11,825	11,922
			Warrants	(40) 6/7/2023	14,953				5/19/2028		—	90
											11,817	12,004
Adams Publishing Group, LLC	(10)	Local Newspaper Operator										
			Secured Debt	(9) (36) 3/11/2022		11.00%	SF+ 7.00%	1.00%	3/11/2027	936	936	917
			Secured Debt	(9) (36) 3/11/2022		11.00%	SF+ 7.00%	1.00%	3/11/2027	2,531	2,527	2,481
											3,463	3,398
ADS Tactical, Inc.	(11)	Value-Added Logistics and Supply Chain Provider to the Defense Industry										
			Secured Debt	(9) 3/29/2021		11.22%	SF+ 5.75%		3/19/2026	4,250	4,210	4,214
AMEREQUIP LLC.	(10)	Full Services Provider Including Design, Engineering and Manufacturing of Commercial and Agricultural Equipment										
			Secured Debt	(9) (37) 8/31/2022			SF+ 7.40%		8/31/2027	—	—	—
			Secured Debt	(9) 8/31/2022		12.76%	SF+ 7.40%		8/31/2027	1,538	1,538	1,538
			Common Stock	(8) 8/31/2022	11						83	100
											1,621	1,638
American Health Staffing Group, Inc.	(10)	Healthcare Temporary Staffing										
			Secured Debt	(9) (37) 11/19/2021			P+ 5.00%		11/19/2026	—	(10)	(10)
			Secured Debt	(9) 11/19/2021		13.50%	P+ 5.00%		11/19/2026	8,188	8,140	8,188
											8,130	8,178
American Nuts, LLC	(10)	Roaster, Mixer and Packager of Bulk Nuts and Seeds										
			Secured Debt	(9) 3/11/2022		15.29%	SF+ 9.75%	15.29%	4/10/2026	4,833	4,812	4,102
			Secured Debt	(9) 3/11/2022		15.29%	SF+ 9.75%	15.29%	4/10/2026	—	—	—
			Secured Debt	(9) (14) 3/11/2022		17.29%	SF+ 11.75%	17.29%	4/10/2026	4,270	4,244	2,522
			Secured Debt	(9) (14) 3/11/2022		17.29%	SF+ 11.75%	17.29%	4/10/2026	—	—	—
											9,056	6,624
American Teleconferencing Services, Ltd.	(11)	Provider of Audio Conferencing and Video Collaboration Solutions										
			Secured Debt	(14) (17) 9/17/2021					4/7/2023	2,425	2,375	109

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(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Secured Debt	(14) (17)	5/19/2016				6/8/2023	11,693	11,451	526
										13,826	635
ArborWorks, LLC	(10) Vegetation Management Services										
		Secured Debt	(9)	11/6/2023	15.00%			11/6/2028	1,007	1,007	1,007
		Secured Debt	(9)	11/6/2023	12.04%	SF+ 6.50%	12.04%	11/6/2028	3,765	3,765	3,765
		Preferred Equity		11/6/2023	17,265					7,468	7,468
		Preferred Equity		11/6/2023	17,265					—	—
		Common Equity		11/9/2021	2,070					124	—
										12,364	12,240
Archer Systems, LLC	(10) Mass Tort Settlement Administration Solutions Provider	Common Stock		8/11/2022	62,402					62	100
ATS Operating, LLC	(10) For-Profit Thrift Retailer										
		Secured Debt	(9)	1/18/2022	12.16%	SF+ 6.50%		1/18/2027	50	50	50
		Secured Debt	(9)	1/18/2022	11.16%	SF+ 5.50%		1/18/2027	925	911	925
		Secured Debt	(9)	1/18/2022	13.16%	SF+ 7.50%		1/18/2027	925	911	925
		Common Stock		1/18/2022	100,000					100	90
										1,972	1,990
AVEX Aviation Holdings, LLC	(10) Specialty Aircraft Dealer & MRO Provider										
		Secured Debt	(9) (37)	12/23/2022		SF+ 7.25%		12/23/2027	—	(17)	(5)
		Secured Debt	(9)	12/23/2022	12.76%	SF+ 7.25%		12/23/2027	3,417	3,321	3,344
		Common Equity	(8)	12/15/2021	137					134	124
										3,438	3,463
Berry Aviation, Inc.	(10) Charter Airline Services										
		Preferred Member Units	(23)	11/12/2019	122,416					—	200
		Preferred Member Units	(8) (23)	7/6/2018	1,548,387					—	2,560
										—	2,760
Bettercloud, Inc.	(10) SaaS Provider of Workflow Management and Business Application Solutions										
		Secured Debt	(9) (37)	6/30/2022		SF+ 7.25%		6/30/2028	—	(18)	(18)
		Secured Debt	(9)	6/30/2022	12.64%	SF+ 7.25%	6.25%	6/30/2028	8,535	8,419	7,998
										8,401	7,980
Binswanger Enterprises, LLC	(10) Glass Repair and Installation Service Provider	Member Units		3/10/2017	1,050,000					1,050	120
Bluestem Brands, Inc.	(11) Multi-Channel Retailer of General Merchandise										
		Secured Debt	(9)	10/19/2022	16.00%	P+ 7.50%	15.00%	8/28/2025	2,035	2,035	1,907
		Secured Debt	(9)	8/28/2020	13.96%	SF+ 8.50%	12.96%	8/28/2025	3,941	3,305	3,695
		Common Stock		10/1/2020	700,446					—	533
		Warrants	(27)	10/19/2022	175,110			10/19/2032		1,111	129
										6,451	6,264
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete	Secured Debt		9/23/2021	10.00%			2/28/2027	80	80	80

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Member Units	6/30/2017	540,000						564	498
										644	578
Bond Brand Loyalty ULC	(10) (13) Provider of Loyalty Marketing Services (21)										
		Secured Debt	(9) (37) 5/1/2023			SF+ 7.00%		5/1/2028	—	(16)	(16)
		Secured Debt	(9) 5/1/2023		11.54%	SF+ 6.00%		5/1/2028	4,040	3,970	4,040
		Secured Debt	(9) 5/1/2023		13.54%	SF+ 8.00%		5/1/2028	4,040	3,970	4,040
		Preferred Equity	5/1/2023	360						360	310
		Common Equity	5/1/2023	360						—	—
										8,284	8,374
Brightwood Capital Fund Investments	(12) (13) Investment Partnership										
		LP Interests (Brightwood Capital Fund III, LP)	(24) 7/21/2014	0.5%						2,270	1,360
		LP Interests (Brightwood Capital Fund IV, LP)	(8) (24) 10/26/2016	1.2%						8,737	8,716
										11,007	10,076
Buca C, LLC	Casual Restaurant Group										
		Secured Debt	(17) 6/30/2015		12.00%			8/31/2023	11,490	11,490	8,218
		Preferred Member Units	6/30/2015	4	6.00%		6.00%			3,040	—
										14,530	8,218
Burning Glass Intermediate Holding Company, Inc.	(10) Provider of Skills-Based Labor Market Analytics										
		Secured Debt	(9) 6/14/2021		10.46%	SF+ 5.00%		6/10/2026	310	296	310
		Secured Debt	(9) 6/14/2021		10.46%	SF+ 5.00%		6/10/2028	13,121	12,970	13,121
										13,266	13,431
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software										
		Preferred Equity	12/13/2021	379,338						379	379
		Preferred Equity	12/13/2021	126,446						—	—
										379	379
Career Team Holdings, LLC	Provider of Workforce Training and Career Development Services										
		Secured Debt	(9) 12/17/2021		11.38%	SF+ 6.00%		12/17/2026	100	96	96
		Secured Debt	12/17/2021		13.00%			12/17/2026	2,225	2,185	2,185
		Common Stock	12/17/2021	50,000						500	500
										2,781	2,781
CaseWorthy, Inc.	(10) SaaS Provider of Case Management Solutions										
		Secured Debt	(9) (37) 5/18/2022			SF+ 6.00%		5/18/2027	—	(3)	(3)
		Secured Debt	(9) 5/18/2022		11.61%	SF+ 6.00%		5/18/2027	2,581	2,561	2,581
		Secured Debt	(9) 5/18/2022		11.61%	SF+ 6.00%		5/18/2027	1,985	1,971	1,985
		Common Equity	12/30/2022	80,000						80	80
										4,609	4,643
Channel Partners Intermediateco, LLC	(10) Outsourced Consumer Services Provider										
		Secured Debt	(9) (44) 2/7/2022		12.60%	SF+ 7.00%		2/7/2027	190	175	183
		Secured Debt	(9) 2/7/2022		12.66%	SF+ 7.00%		2/7/2027	3,360	3,317	3,224
		Secured Debt	(9) 6/24/2022		12.66%	SF+ 7.00%		2/7/2027	186	184	179
		Secured Debt	(9) 3/27/2023		12.66%	SF+ 7.00%		2/7/2027	450	440	432

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Clarius BIGS, LLC	(10) Prints & Advertising Film Financing	Secured Debt	(14) (17) 9/23/2014					1/5/2015	2,694	4,116	4,018
										2,350	16
Classic H&G Holdings, LLC	Provider of Engineered Packaging Solutions	Secured Debt	(9) 3/12/2020		11.69%	SF+ 6.00%		3/12/2025	1,140	1,133	1,140
					8.00%			3/12/2025	4,819	4,781	4,819
		Preferred Member Units	(8) 3/12/2020	39						1,440	4,000
										7,354	9,959
Computer Data Source, LLC	(10) Third Party Maintenance Provider to the Data Center Ecosystem	Secured Debt	(9) (30) 8/6/2021		13.52%	SF+ 8.00%		8/6/2026	4,167	4,123	4,040
					13.52%			8/6/2026	15,260	15,098	14,797
										19,221	18,837
Construction Supply Investments, LLC	(10) Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	Member Units	12/29/2016	861,618						3,335	23,135
CQ Fluency, LLC	(10) Global Language Services Provider	Secured Debt	(9) (37) 12/27/2023			SF+ 7.00%		6/27/2027	—	(44)	(44)
								6/27/2027	—	(44)	(44)
		Secured Debt	(9) 12/27/2023		12.45%	SF+ 7.00%		6/27/2027	7,500	7,280	7,280
										7,192	7,192
Dalton US Inc.	(10) Provider of Supplemental Labor Services	Common Stock	8/16/2022							52	60
DMA Industries, LLC	Distributor of aftermarket ride control products	Secured Debt	11/19/2021	1,486	12.00%			11/19/2026	4,700	4,642	4,700
										1,486	1,920
		Preferred Equity								6,128	6,620
DTE Enterprises, LLC	(10) Industrial Powertrain Repair and Services	Class AA Preferred Member Units (non-voting)	(8) 4/13/2018		10.00%		10.00%			1,284	1,283
		Class A Preferred Member Units	4/13/2018	776,316	8.00%		8.00%			776	260
										2,060	1,543
Dynamic Communities, LLC	(10) Developer of Business Events and Online Community Groups	Secured Debt	(9) 12/20/2022		10.45%	SF+ 5.00%	10.45%	12/31/2026	2,070	1,912	1,912
					12.45%			12/31/2026	2,113	1,879	1,859
		Preferred Equity								128	60
		Preferred Equity								—	—
		Common Equity	12/20/2022	1,250,000						—	—
										3,919	3,831

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Elgin AcquireCo, LLC	Manufacturer and Distributor of Engine and Chassis Components	Secured Debt	(9) (37) 10/3/2022			SF+ 6.00%		10/3/2027	—	—	—
		Secured Debt	10/3/2022		12.00%			10/3/2027	1,227	1,200	1,200
		Secured Debt	10/3/2022		9.00%			10/3/2052	412	409	409
		Common Stock	10/3/2022	19						374	390
		Common Stock	(23) 10/3/2022	61						102	109
										2,085	2,108
Emerald Technologies Acquisition Co, Inc.	Design & Manufacturing	Secured Debt	(9) 2/10/2022		11.79%	SF+ 6.25%		12/29/2027	2,391	2,357	2,175
Engineering Research & Consulting, LLC	Provider of Engineering & Consulting Services to US Department of Defense	Secured Debt	(9) (37) 5/23/2022			P+ 5.50%		5/23/2027	—	(11)	—
		Secured Debt	(9) 5/23/2022		11.98%	SF+ 6.50%		5/23/2028	5,095	5,023	5,095
										5,012	5,095
Escalent, Inc.	Market Research and Consulting Firm	Secured Debt	(9) (37) 4/7/2023			SF+ 8.00%		4/7/2029	—	(9)	(9)
		Secured Debt	(9) 4/7/2023		13.45%	SF+ 8.00%		4/7/2029	6,924	6,742	6,924
		Common Equity	4/7/2023	170,998						174	190
										6,907	7,105
Event Holdeo, LLC	Event and Learning Management Software for Healthcare Organizations and Systems	Secured Debt	(9) 12/22/2021		12.61%	SF+ 7.00%		12/22/2026	308	306	302
		Secured Debt	(9) 12/22/2021		12.61%	SF+ 7.00%		12/22/2026	3,681	3,659	3,614
										3,965	3,916
Garyline, LLC	Manufacturer of Consumer Plastic Products	Secured Debt	(9) (37) 11/10/2023			SF+ 6.75%		11/10/2028	—	(76)	(76)
		Secured Debt	(9) 11/10/2023		12.22%	SF+ 6.75%		11/10/2028	9,664	9,384	9,384
		Common Equity	11/10/2023							210	210
										9,518	9,518
Hawk Ridge Systems, LLC	Value-Added Reseller of Engineering Design and Manufacturing Solutions	Secured Debt	(9) 12/2/2016		11.65%	SF+ 6.00%		1/15/2026	494	492	494
		Secured Debt	12/2/2016		12.50%			1/15/2026	9,744	9,697	9,744
		Preferred Member Units	12/2/2016	56						713	4,370
		Preferred Member Units	(23) 12/2/2016	56						38	230
										10,940	14,838
HDC/HW Intermediate Holdings	Managed Services and Hosting Provider	Secured Debt	(9) (17) 12/21/2018		14.34%	SF+ 9.50%	14.34%	12/21/2023	205	205	186
		Secured Debt	(9) (17) 12/21/2018		14.34%	SF+ 9.50%	14.34%	12/21/2023	2,036	2,036	1,849
										2,241	2,035
HEADLANDS OP-CO LLC	Clinical Trial Sites Operator	Secured Debt	(9) (37) 8/1/2022			SF+ 6.50%		8/1/2027	—	(14)	(14)
		Secured Debt	(9) 8/1/2022		11.86%	SF+ 6.50%		8/1/2027	1,995	1,962	1,995
		Secured Debt	(9) 8/1/2022		11.86%	SF+ 6.50%		8/1/2027	4,925	4,854	4,925

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Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
											6,802	6,906
Hybrid Promotions, LLC	(10)	Wholesaler of Licensed, Branded and Private Label Apparel	Secured Debt	(9)	6/30/2021	15.91%	SF+ 8.25%	2.00%	6/30/2026	7,964	7,813	7,313
IG Parent Corporation	(11)	Software Engineering	Secured Debt	(9) (37)	7/30/2021		SF+ 5.75%		7/30/2026	—	(13)	—
			Secured Debt	(9)	7/30/2021	10.96%	SF+ 5.50%		7/30/2028	6,266	6,200	6,266
			Secured Debt	(9)	7/30/2021	10.96%	SF+ 5.50%		7/30/2028	1,942	1,921	1,942
											8,108	8,208
Imaging Business Machines, L.L.C.	(10)	Technology Hardware & Equipment	Secured Debt	(9) (29)	6/8/2023	12.41%	SF+ 7.00%		6/30/2028	791	791	786
			Secured Debt	(9)	6/8/2023	12.45%	SF+ 7.00%		6/30/2028	10,384	10,068	10,318
			Common Equity		6/8/2023	422					580	550
											11,439	11,654
Implus Footcare, LLC	(10)	Provider of Footwear and Related Accessories	Secured Debt	(9)	6/1/2017	14.25%	SF+ 7.75%	1.00%	7/31/2024	17,012	17,010	15,816
Industrial Services Acquisition, LLC	(10)	Industrial Cleaning Services	Secured Debt	(9) (32)	8/13/2021	12.22%	SF+ 6.75%		8/13/2026	752	734	752
			Secured Debt	(9)	8/13/2021	12.22%	SF+ 6.75%		8/13/2026	11,436	11,330	11,436
			Preferred Member Units	(8) (23)	1/31/2018	336	10.00%	10.00%			321	415
			Preferred Member Units	(8) (23)	5/17/2019	187	20.00%	20.00%			240	279
			Member Units	(23)	6/17/2016	2,100					2,100	1,610
											14,725	14,492
Infinity X1 Holdings, LLC		Manufacturer and Supplier of Personal Lighting Products	Secured Debt		3/31/2023	13.00%			3/31/2028	4,388	4,314	4,314
			Preferred Equity		3/31/2023	20,000					1,000	1,000
											5,314	5,314
Infolinks Media Buyco, LLC	(10)	Exclusive Placement Provider to the Advertising Ecosystem	Secured Debt	(9)	11/1/2021	11.21%	SF+ 5.75%		11/1/2026	1,881	1,829	1,881
			Secured Debt	(9)	11/1/2021	11.21%	SF+ 5.75%		11/1/2026	9,690	9,579	9,690
											11,408	11,571
Insight Borrower Corporation	(10)	Test, Inspection, and Certification Instrument Provider	Secured Debt	(9) (37)	7/19/2023		SF+ 6.25%		7/19/2028	—	(40)	(40)
			Secured Debt	(9) (37)	7/19/2023		SF+ 6.25%		7/19/2029	—	(33)	(33)
			Secured Debt	(9)	7/19/2023	11.65%	SF+ 6.25%		7/19/2029	8,373	8,143	8,287
			Common Equity		7/19/2023	47,847					239	239
											8,309	8,453
Inspire Aesthetics Management, LLC	(10)	Surgical and Non-Surgical Plastic Surgery and Aesthetics Provider	Secured Debt	(9) (31)	4/3/2023	13.53%	SF+ 8.00%		4/3/2028	676	659	664
			Secured Debt	(9)	4/3/2023	13.55%	SF+ 8.00%		4/3/2028	6,256	6,115	6,144

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		Secured Debt	(9)	6/14/2023					1,260	1,231	1,237
		Common Equity		4/3/2023	101,719					322	190
										8,327	8,235
Interface Security Systems, L.L.C.	(10)	Commercial Security & Alarm Services									
		Secured Debt	(17) (28)	12/9/2021	15.48%	SF+ 10.00%		8/7/2023	1,835	1,835	1,781
		Secured Debt	(9) (14) (17)	8/7/2019	12.46%	SF+ 7.00%	12.46%	8/7/2023	7,334	7,254	433
		Common Stock		12/7/2021	2,143					—	—
										9,089	2,214
Intermedia Holdings, Inc.	(11)	Unified Communications as a Service									
		Secured Debt	(9)	8/3/2018	11.47%	SF+ 6.00%		7/19/2025	5,544	5,539	5,370
Invincible Boat Company, LLC.	(10)	Manufacturer of Sport Fishing Boats									
		Secured Debt	(9)	8/28/2019	12.00%	SF+ 6.50%		8/28/2025	519	516	509
		Secured Debt	(9)	8/28/2019	12.00%	SF+ 6.50%		8/28/2025	16,812	16,751	16,515
										17,267	17,024
INW Manufacturing, LLC	(11)	Manufacturer of Nutrition and Wellness Products									
		Secured Debt	(9)	5/19/2021	11.36%	SF+ 5.75%		3/25/2027	6,656	6,537	5,325
Iron-Main Investments, LLC		Consumer Reporting Agency Providing Employment Background Checks and Drug Testing									
		Secured Debt		8/2/2021	13.50%			1/31/2028	1,128	1,108	1,108
		Secured Debt		9/1/2021	13.50%			1/31/2028	735	722	722
		Secured Debt		11/15/2021	13.50%			1/31/2028	2,236	2,236	2,236
		Secured Debt		11/15/2021	13.50%			1/31/2028	4,906	4,815	4,815
		Secured Debt		1/31/2023	13.50%			1/31/2028	2,641	2,525	2,525
		Common Stock		8/3/2021	50,753					689	670
										12,095	12,076
Isagenix International, LLC	(11)	Direct Marketer of Health & Wellness Products									
		Secured Debt	(9)	4/13/2023	11.04%	SF+ 5.50%	8.54%	4/14/2028	2,615	2,374	2,301
		Common Equity		4/13/2023	186,322					—	—
										2,374	2,301
ITA Holdings Group, LLC		Air Ambulance Services									
		Secured Debt	(9)	6/21/2023	16.59%	SF+ 9.00%	2.00%	6/21/2027	207	201	201
		Secured Debt	(9)	6/21/2023	16.59%	SF+ 9.00%	2.00%	6/21/2027	178	174	174
		Secured Debt	(9)	6/21/2023	15.59%	SF+ 8.00%	2.00%	6/21/2027	1,084	842	842
		Secured Debt	(9)	6/21/2023	17.59%	SF+ 10.00%	2.00%	6/21/2027	1,091	848	848
		Warrants	(27)	6/21/2023	48,327			6/21/2033		523	523
										2,588	2,588
Jackmont Hospitality, Inc.	(10)	Franchisee of Casual Dining Restaurants									
		Secured Debt	(9) (26)	10/26/2022	12.46%	SF+ 7.00%		11/4/2024	1,675	1,649	1,675
		Secured Debt	(9)	11/8/2021	12.46%	SF+ 7.00%		11/4/2024	3,948	3,948	3,948
		Preferred Equity		11/8/2021	5,653,333					216	2,190

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Joerns Healthcare, LLC	(11) Manufacturer and Distributor of Health Care Equipment & Supplies									5,813	7,813
		Secured Debt	(9) (14) 11/15/2021		23.63%	SF+ 18.00%	23.63%	1/31/2024	2,048	2,048	1,747
		Secured Debt	(9) (14) 8/21/2019		21.63%	SF+ 16.00%	21.63%	8/21/2024	1,708	1,701	121
		Secured Debt	(9) (14) 8/21/2019		21.63%	SF+ 16.00%	21.63%	8/21/2024	1,643	1,635	117
		Common Stock	8/21/2019	392,514						3,678	—
										9,062	1,985
Johnson Downie Opco, LLC	Executive Search Services	Secured Debt	(37) 12/10/2021					12/10/2026	—	(4)	—
		Secured Debt	12/10/2021		15.00%			12/10/2026	2,690	2,645	2,690
		Preferred Equity	12/10/2021	368						404	1,070
										3,045	3,760
JorVet Holdings, LLC	Supplier and Distributor of Veterinary Equipment and Supplies	Secured Debt	3/28/2022		12.00%			3/28/2027	2,850	2,814	2,814
		Preferred Equity	(8) 3/28/2022	11,934						1,193	1,193
										4,007	4,007
JTI Electrical & Mechanical, LLC	(10) Electrical, Mechanical and Automation Services	Secured Debt	(9) (41) 12/22/2021		11.64%	SF+ 6.00%		12/22/2026	261	253	261
		Secured Debt	(9) 12/22/2021		11.61%	SF+ 6.00%		12/22/2026	3,000	2,963	3,000
		Common Equity	12/22/2021	140,351						140	140
										3,356	3,401
KMS, LLC	(10) Wholesaler of Closeout and Value-priced Products	Secured Debt	(9) 10/4/2021		14.75%	SF+ 9.25%		10/4/2026	1,292	1,235	1,180
		Secured Debt	(9) 10/4/2021		14.75%	SF+ 9.25%		10/4/2026	9,310	9,205	8,475
										10,440	9,655
Lighbox Holdings, L.P.	(11) Provider of Commercial Real Estate Software	Secured Debt	5/9/2019		10.62%	SF+ 5.00%		5/9/2026	5,765	5,736	5,592
LL Management, Inc.	(10) Medical Transportation Service Provider	Secured Debt	(9) 5/2/2019		12.71%	SF+ 7.25%		9/25/2024	7,960	7,933	7,960
		Secured Debt	(9) 5/2/2019		12.71%	SF+ 7.25%		9/25/2024	5,246	5,228	5,246
		Secured Debt	(9) 11/20/2020		12.71%	SF+ 7.25%		9/25/2024	—	—	—
		Secured Debt	(9) 2/26/2021		12.71%	SF+ 7.25%		9/25/2024	871	868	871
		Secured Debt	(9) 5/12/2022		12.71%	SF+ 7.25%		9/25/2024	8,822	8,781	8,822
										22,810	22,899
LLFlex, LLC	(10) Provider of Metal-Based Laminates	Secured Debt	(9) 8/16/2021		15.54%	SF+ 9.00%	1.00%	8/16/2026	4,920	4,861	4,417
Logix Acquisition Company, LLC	(10) Competitive Local Exchange Carrier	Secured Debt	(9) 1/8/2018		13.25%	P+ 4.75%		12/22/2024	11,552	11,285	9,069

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Consolidated Schedule of Investments (Continued)
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(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Mako Steel, LP	(10) Self-Storage Design & Construction	Secured Debt	(9) (37) 3/15/2021			SF+ 6.75%		3/15/2026	—	(36)	—
		Secured Debt	(9) 3/15/2021		12.28%	SF+ 6.75%		3/15/2026	16,721	16,568	16,721
										16,532	16,721
MB2 Dental Solutions, LLC	(11) Dental Partnership Organization	Secured Debt	(9) 1/28/2021		11.46%	SF+ 6.00%		1/29/2027	2,803	2,771	2,803
		Secured Debt	(9) 1/28/2021		11.46%	SF+ 6.00%		1/29/2027	3,925	3,880	3,925
		Secured Debt	(9) 1/28/2021		11.46%	SF+ 6.00%		1/29/2027	3,464	3,424	3,464
		Secured Debt	(9) 1/28/2021		11.46%	SF+ 6.00%		1/29/2027	7,796	7,725	7,796
										17,800	17,988
Metalfarming Holdings, LLC	Distributor of Sheet Metal Folding and Metal Forming Equipment	Secured Debt	(37) 10/19/2022					10/19/2024	—	—	—
		Secured Debt	10/19/2022		12.75%			10/19/2027	1,748	1,707	1,707
		Preferred Equity	(8) 10/19/2022	434,331	8.00%		8.00%			443	443
		Common Stock	10/19/2022	112,865						113	110
										2,263	2,260
Microbe Formulas, LLC	(10) Nutritional Supplements Provider	Secured Debt	(9) (37) 4/4/2022			SF+ 6.25%		4/3/2028	—	(6)	(6)
		Secured Debt	(9) 4/4/2022		11.46%	SF+ 6.00%		4/3/2028	2,671	2,632	2,671
										2,626	2,665
Mills Fleet Farm Group, LLC	(10) Omnichannel Retailer of Work, Farm and Lifestyle Merchandise	Secured Debt	(9) 10/24/2018		12.52%	SF+ 7.00%		12/31/2026	18,152	17,863	17,524
Mini Melts of America, LLC	(10) Manufacturer and Distributor of Branded Premium Beaded Ice Cream	Secured Debt	(9) (37) 11/30/2023			SF+ 6.25%		11/30/2028	—	(28)	(28)
		Secured Debt	(9) (37) 11/30/2023			SF+ 6.25%		11/30/2028	—	(10)	(10)
		Secured Debt	(9) 11/30/2023		10.64%	SF+ 5.25%		11/30/2028	3,225	3,149	3,149
		Secured Debt	(9) 11/30/2023		12.64%	SF+ 7.25%		11/30/2028	3,225	3,146	3,146
		Common Equity	11/30/2023	300,000						300	300
										6,557	6,557
MonitorUS Holding, LLC	(10) (13) SaaS Provider of Media Intelligence Services	Secured Debt	5/24/2022		14.00%		4.00%	5/24/2027	1,120	1,106	1,133
		Secured Debt	5/24/2022		14.00%		4.00%	5/24/2027	2,912	2,870	3,184
		Secured Debt	5/24/2022		14.00%		4.00%	5/24/2027	4,957	4,890	4,957
		Common Stock	8/30/2022	12,798,820						256	197
										9,122	9,471
NinjaTrader, LLC	(10) Operator of Futures Trading Platform	Secured Debt	(9) (37) 12/18/2019			SF+ 7.00%		12/18/2026	—	(4)	(3)
		Secured Debt	(9) (37) 12/18/2019			SF+ 7.00%		12/18/2026	—	(12)	(12)
		Secured Debt	(9) 12/18/2019		12.54%	SF+ 7.00%		12/18/2026	10,991	10,888	10,991
		Secured Debt	(9) 12/18/2023		12.52%	SF+ 7.00%		12/18/2026	3,878	3,807	3,878
										14,679	14,854

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Obra Capital, Inc. (f/k/a Vida Capital, Inc.)	(11) Alternative Asset Manager	Secured Debt	10/10/2019		11.47%	SF+ 6.00%		10/1/2026	7,043	6,711	6,039
Paragon Healthcare, Inc.	(10) Infusion Therapy Treatment Provider	Secured Debt	(9) (37) 1/19/2022			SF+ 5.75%		1/19/2027	—	(11)	—
		Secured Debt	(9) (43) 1/19/2022		11.24%	SF+ 5.75%		1/19/2027	423	414	421
		Secured Debt	(9) 1/19/2022		11.25%	SF+ 5.75%		1/19/2027	2,456	2,412	2,442
										2,815	2,863
Power System Solutions	(10) Backup Power Generation	Secured Debt	(9) (37) 6/7/2023			SF+ 6.75%		6/7/2028	—	(35)	(35)
		Secured Debt	(9) (37) 6/7/2023			SF+ 6.75%		6/7/2028	—	(35)	(35)
		Secured Debt	(9) 6/7/2023		12.12%	SF+ 6.75%		6/7/2028	7,939	7,729	7,939
		Common Equity	6/7/2023	532						532	500
										8,191	8,369
PrimeFlight Aviation Services	(10) Air Freight & Logistics	Secured Debt	(9) 5/1/2023		12.28%	SF+ 6.85%		5/1/2029	5,970	5,813	5,970
		Secured Debt	(9) 9/7/2023		12.20%	SF+ 6.85%		5/1/2029	570	553	570
										6,366	6,540
PTL US Bidco, Inc	(10) (13) (21) Manufacturers of Equipment, Including Drilling Rigs and Equipment, and Providers of Supplies and Services to Companies Involved in the Drilling, Evaluation and Completion of Oil and Gas Wells	Secured Debt	(9) (45) 8/19/2022		12.80%	SF+ 7.25%		8/19/2027	198	189	196
		Secured Debt	(9) 8/19/2022		12.88%	SF+ 7.25%		8/19/2027	1,734	1,707	1,720
										1,896	1,916
Purge Rite, LLC	(10) HVAC Flushing and Filtration Services	Secured Debt	(9) (37) 10/2/2023			SF+ 8.00%		10/2/2028	—	(19)	(19)
		Secured Debt	(9) 10/2/2023		13.70%	SF+ 8.00%		10/2/2028	3,906	3,813	3,813
		Preferred Equity	10/2/2023	1,302,083						1,302	1,302
										5,096	5,096
RA Outdoors LLC	(10) Software Solutions Provider for Outdoor Activity Management	Secured Debt	(9) (32) 4/8/2021		12.22%	SF+ 6.75%		4/8/2026	796	789	745
		Secured Debt	(9) 4/8/2021		12.21%	SF+ 6.75%		4/8/2026	12,917	12,829	12,089
										13,618	12,834
Research Now Group, Inc. and Survey Sampling International, LLC	(11) Provider of Outsourced Online Surveying	Secured Debt	(9) 12/29/2017		11.14%	SF+ 5.50%		12/20/2024	9,691	9,691	7,237
Richardson Sales Solutions	(10) Business Services	Secured Debt	(9) (34) 8/24/2023		18.47%	SF+ 6.50%		8/24/2028	833	781	818
		Secured Debt	(9) 8/24/2023		11.88%	SF+ 6.50%		8/24/2028	10,553	10,261	10,362
										11,042	11,180
Roof Opco, LLC	(10) Residential Re-Roofing/Repair	Secured Debt	(9) (37) 8/27/2021			SF+ 6.50%		8/27/2026	—	(10)	—
		Secured Debt	(9) 8/27/2021		12.16%	SF+ 6.50%		8/27/2026	4,219	4,150	4,142

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Secured Debt	(9)	8/27/2021	14.16%	SF+ 8.50%		8/27/2026	4,219	4,150	4,082
Rug Doctor, LLC.	(10) Carpet Cleaning Products and Machinery									8,290	8,224
		Secured Debt	(9)	7/16/2021	13.54%	SF+ 6.00%	2.00%	11/16/2025	6,410	6,389	6,383
		Secured Debt	(9)	7/16/2021	13.54%	SF+ 6.00%	2.00%	11/16/2025	9,022	8,991	8,984
										15,380	15,367
Slick Innovations, LLC	Text Message Marketing Platform										
		Secured Debt		9/13/2018	14.00%			12/22/2027	2,860	2,777	2,860
		Common Stock		9/13/2018						114	600
										2,891	3,460
South Coast Terminals Holdings, LLC	(10) Specialty Toll Chemical Manufacturer										
		Secured Debt	(9)	12/10/2021	11.46%	SF+ 6.00%		12/13/2026	38	34	34
		Secured Debt	(9)	12/10/2021	11.70%	SF+ 6.00%		12/13/2026	2,979	2,943	2,979
		Common Equity		12/10/2021						61	59
				60,606						3,038	3,072
SPAU Holdings, LLC	(10) Digital Photo Product Provider										
		Secured Debt	(9) (37)	7/1/2022		SF+ 8.00%		7/1/2027	—	(14)	—
		Secured Debt	(9)	7/1/2022	13.72%	SF+ 8.00%		7/1/2027	4,925	4,857	4,925
		Common Stock		7/1/2022						200	160
				200,000						5,043	5,085
Tex Tech Tennis, LLC	(10) Sporting Goods & Textiles										
		Preferred Equity	(23)	7/7/2021						1,000	2,840
The Affiliati Network, LLC	Performance Marketing Solutions										
		Secured Debt		8/9/2021	13.00%			8/9/2026	40	37	37
		Secured Debt		8/9/2021	13.00%			8/9/2026	1,880	1,858	1,841
		Preferred Stock		9/1/2023						43	43
		Preferred Stock	(8)	8/9/2021						1,600	1,600
				320,000						3,538	3,521
U.S. TelePacific Corp.	(11) Provider of Communications and Managed Services										
		Secured Debt	(9) (14)	6/1/2023	12.53%	SF+ 7.15%	6.00%	5/2/2027	6,802	2,623	2,438
		Secured Debt	(14)	6/1/2023				5/2/2027	692	15	—
										2,638	2,438
USA DeBusk LLC	(10) Provider of Industrial Cleaning Services										
		Secured Debt	(9)	10/22/2019	11.46%	SF+ 6.00%		9/8/2026	12,405	12,308	12,405
		Secured Debt	(9)	7/19/2023	11.96%	SF+ 6.50%		9/8/2026	4,825	4,742	4,825
		Secured Debt	(9)	11/21/2023	11.96%	SF+ 6.50%		9/8/2026	2,515	2,468	2,515
										19,518	19,745
UserZoom Technologies, Inc.	(10) Provider of User Experience Research Automation Software										
		Secured Debt	(9)	1/11/2023	12.99%	SF+ 7.50%		4/5/2029	3,000	2,923	3,000
Vistar Media, Inc.	(10) Operator of Digital Out-of-Home Advertising Platform										
		Preferred Stock		4/3/2019						767	2,180

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Consolidated Schedule of Investments (Continued)
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Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Vitesse Systems	(10)	Component Manufacturing and Machining Platform	Secured Debt	(9)	12/22/2023	12.63%	SF+ 7.00%		12/22/2028	12,500	12,193	12,193
VORTEQ Coil Finishers, LLC	(10)	Specialty Coating of Aluminum and Light-Gauge Steel	Common Equity	(8)	11/30/2021	769,231					769	1,911
Wall Street Prep, Inc.	(10)	Financial Training Services	Secured Debt	(9) (37)	7/19/2021		SF+ 7.00%		7/19/2026	—	(5)	(5)
			Secured Debt	(9)	7/19/2021	12.54%	SF+ 7.00%		7/19/2026	4,654	4,600	4,654
			Common Stock		7/19/2021	500,000					500	910
											5,095	5,559
Watterson Brands, LLC	(10)	Facility Management Services	Secured Debt	(9) (41)	12/17/2021	11.50%	SF+ 6.00%		12/17/2026	253	249	253
			Secured Debt	(9)	12/17/2021	11.50%	SF+ 6.00%		12/17/2026	53	47	53
			Secured Debt	(9)	12/17/2021	11.50%	SF+ 6.00%		12/17/2026	2,166	2,146	2,166
			Secured Debt	(9)	12/17/2021	11.50%	SF+ 6.00%		12/17/2026	1,955	1,936	1,955
											4,378	4,427
West Star Aviation Acquisition, LLC	(10)	Aircraft, Aircraft Engine and Engine Parts	Secured Debt	(9) (42)	3/1/2022	11.34%	SF+ 6.00%		3/1/2028	665	654	665
			Secured Debt	(9)	3/1/2022	11.35%	SF+ 6.00%		3/1/2028	2,948	2,907	2,947
			Secured Debt	(9)	11/3/2023	11.35%	SF+ 6.00%		3/1/2028	1,467	1,438	1,467
			Common Stock		3/1/2022	200,000					200	390
											5,199	5,469
Winter Services LLC	(10)	Provider of Snow Removal and Ice Management Services	Secured Debt	(9) (35)	11/19/2021	12.64%	SF+ 7.00%		11/19/2026	2,778	2,745	2,778
			Secured Debt	(9)	11/19/2021	12.66%	SF+ 7.00%		11/19/2026	2,583	2,528	2,583
			Secured Debt	(9)	11/19/2021	12.66%	SF+ 7.00%		11/19/2026	11,625	11,479	11,625
											16,752	16,986
World Micro Holdings, LLC		Supply Chain Management	Secured Debt		12/12/2022	13.00%			12/12/2027	1,627	1,601	1,601
			Preferred Equity	(8)	12/12/2022	530					530	530
											2,131	2,131
Xenon Arc, Inc.	(10)	Tech-enabled Distribution Services to Chemicals and Food Ingredients Primary Producers	Secured Debt	(9) (37)	12/17/2021		SF+ 5.25%		12/17/2026	—	(5)	—
			Secured Debt	(9)	12/17/2021	11.22%	SF+ 5.75%		12/17/2027	1,188	1,163	1,188
			Secured Debt	(9)	12/17/2021	11.25%	SF+ 5.75%		12/17/2027	2,352	2,321	2,352
											3,479	3,540
YS Garments, LLC	(11)	Designer and Provider of Branded Activewear	Secured Debt	(9)	8/22/2018	13.00%	SF+ 7.50%		8/9/2026	5,584	5,485	5,110

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Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)		
Zips Car Wash, LLC	(10)	Express Car Wash Operator	Secured Debt	(9) (33) 2/11/2022		12.71%	SF+ 7.25%		3/1/2024	2,356	2,352	2,234		
			Secured Debt	(9) (33) 2/11/2022		12.71%	SF+ 7.25%		3/1/2024	591	589	555		
											2,941	2,789		
Subtotal Non-Control/Non-Affiliate Investments (120.2% of net assets at fair value)											\$	763,781	\$	747,972
Total Portfolio Investments, December 31, 2023 (175.6% of net assets at fair value)											\$	1,038,318	\$	1,092,895
Money market funds (included in cash and cash equivalents) (16)														
Fidelity Government Portfolio Class III Fund (38)											\$	3,188	\$	3,188
First American Treasury Obligations Fund Class Z (39)												17,656		17,656
Total money market funds											\$	20,844	\$	20,844

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See *Note C — Fair Value Hierarchy for Investments — Portfolio Composition* for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered as security for one of the Company's Credit Facilities.
- (2) Debt investments are income producing, unless otherwise noted by footnote (14), as described below. Equity and warrants are non-income producing, unless otherwise noted by footnote (8), as described below.
- (3) See *Note C — Fair Value Hierarchy for Investments — Portfolio Composition* and Schedule 12-14 for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income. Negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
- (5) Control investments are defined by the 1940 Act as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% (inclusive) of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. As noted in this schedule, 95% of these floating rate loans (based on the par amount) contain LIBOR or Term SOFR ("SOFR") floors which range between 0.75% and 2.00%, with a weighted-average floor of 1.17%.
- (10) Private Loan portfolio investment. See *Note C — Fair Value Hierarchy for Investments — Portfolio Composition* for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See *Note C — Fair Value Hierarchy for Investments — Portfolio Composition* for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See *Note C — Fair Value Hierarchy for Investments — Portfolio Composition* for a description of Other Portfolio investments.

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Consolidated Schedule of Investments (Continued)
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- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing debt investment.
- (15) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (16) Money market fund interests included in cash and cash equivalents.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See *Note C — Fair Value Hierarchy for Investments—Portfolio Composition* for further discussion. Negative fair value is the result of the capitalized discount on the loan or the unfunded commitment being valued below par.
- (19) Investments may have a portion, or all, of their income received from Paid-in-Kind ("PIK") interest or dividends. PIK interest income and cumulative dividend income represent income not paid currently in cash. The difference between the Total Rate and PIK Rate represents the cash rate as of December 31, 2023.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.
- (22) Investment date represents the date of initial investment in the security position.
- (23) Shares/Units represent ownership in a related Real Estate or HoldCo entity.
- (24) Investment is not unitized. Presentation is made in percent of fully diluted ownership unless otherwise indicated.
- (25) A majority of the variable rate loans in the Company's Investment Portfolio bear interest at a rate that may be determined by reference to either LIBOR ("L"), SOFR ("SF") or an alternate base rate (commonly based on the Federal Funds Rate or the Prime rate ("P")), which typically resets every one, three, or six months at the borrower's option. SOFR based contracts may include a credit spread adjustment (the "Adjustment") that is charged in addition to the stated spread. The Adjustment is applied when the SOFR rate, plus the Adjustment, exceeds the stated floor rate, as applicable. As of December 31, 2023, SOFR based contracts in the portfolio had Adjustments ranging from 0.10% to 0.43%.
- (26) As of December 31, 2023, borrowings under the loan facility bear interest at SOFR+7.00% (Floor 1.00%). Each new draw or funding on the facility has a different floating rate reset date. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (27) Warrants are presented in equivalent shares/units with a strike price of \$0.01 per share/unit.
- (28) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR+10.00%. RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (29) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR+7.00% (Floor 1.50%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (30) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR+8.00% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (31) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR+8.00% (Floor 2.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (32) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR+6.75% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.

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Consolidated Schedule of Investments (Continued)
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- (33) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-7.25% (Floor 1.00%). Each new draw or funding on the facility has a different floating rate reset date. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (34) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-6.50% (Floor 2.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (35) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-7.00% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (36) Index based floating interest rate is subject to contractual maximum base rate of 3.00%.
- (37) The position is unfunded and no interest income is being earned as of December 31, 2023. The position may earn a nominal unused facility fee on committed amounts.
- (38) Effective yield as of December 31, 2023 was approximately 5.25% on the Fidelity Government Portfolio Class III Fund.
- (39) Effective yield as of December 31, 2023 was approximately 5.23% on the First American Treasury Obligations Fund Class Z.
- (40) Warrants are presented in equivalent shares/units with a strike price of \$1.00 per share/unit.
- (41) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-6.00% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (42) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-6.00% (Floor 0.75%). Each new draw or funding on the facility has a different floating rate reset date. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (43) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-5.75% (Floor 1.00%). Each new draw or funding on the facility has a different floating rate reset date. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (44) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-7.00% (Floor 2.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.
- (45) As of December 31, 2023, borrowings under the loan facility bore interest at SOFR-7.25% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2023.

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Control Investments (5)											
Copper Trail Fund Investments	(12) (13) Investment Partnership	LP Interests (CTMH, LP)	(24)	07/17/2017	39.0%					\$ 713	\$ 588
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products	Secured Debt		12/21/2018	10.12%	L+ 6.00%		12/21/2023	330	324	330
		Secured Debt		12/19/2014	12.12%	L+ 8.00%		10/29/2026	19,944	19,753	19,943
		Member Units	(8)	12/19/2014	2,896					6,435	21,890
										26,512	42,163
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (2717 MH, L.P.)	(24)	10/01/2017	49.3%					3,895	7,552
Subtotal Control Investments (8.3% of net assets at fair value)										\$ 31,120	\$ 50,303
Affiliate Investments (6)											
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	Preferred Member Units	(8)	11/07/2014	46					\$ 300	\$ 2,350
Analytical Systems Keco Holdings, LLC	Manufacturer of Liquid and Gas Analyzers	Secured Debt	(9)	08/16/2019		L+ 10.00%		8/16/2024	—	(2)	(2)
		Secured Debt	(9)	08/16/2019	14.13%	L+ 10.00%		8/16/2024	1,166	1,135	1,135
		Preferred Member Units		05/20/2021	607					607	880
		Preferred Member Units		08/16/2019	800	14.13%				800	—
		Warrants	(27)	08/16/2019	105			8/16/2029		79	—
										2,619	2,013
ATX Networks Corp.	(11) Provider of Radio Frequency Management Equipment	Secured Debt	(9)	09/01/2021	12.23%	L+ 7.50%		9/1/2026	6,811	6,266	6,368
		Unsecured Debt		09/01/2021	10.00%		10.00%	9/1/2028	3,417	2,337	2,614
		Common Stock		09/01/2021	585					—	3,290
										8,603	12,272
Barfly Ventures, LLC	(10) Casual Restaurant Group	Member Units		10/26/2020	12					528	1,107
Batjer TopCo, LLC	HVAC Mechanical Contractor	Secured Debt		03/07/2022				3/31/2027	—	(1)	(1)
		Secured Debt		03/07/2022	11.00%			3/31/2027	1,225	1,205	1,205
		Preferred Stock	(8)	03/07/2022	453					455	455
										1,659	1,659
Brewer Crane Holdings, LLC	Provider of Crane Rental and Operating Services	Secured Debt	(9)	01/09/2018	14.12%	L+ 10.00%		1/9/2023	1,491	1,491	1,491
		Preferred Member Units	(8)	01/09/2018	737					1,070	1,770
										2,561	3,261

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Centre Technologies Holdings, LLC	Provider of IT Hardware Services and Software Solutions										
		Secured Debt	(9)	01/04/2019		L+	9.00%	1/4/2026	—	—	—
		Secured Debt	(9)	01/04/2019	13.13%	L+	9.00%	1/4/2026	3,758	3,731	3,731
		Preferred Member Units		01/04/2019	3,327					1,531	2,170
										5,262	5,901
Chamberlin Holding LLC	Roofing and Waterproofing Specialty Contractor										
		Secured Debt	(9)	02/26/2018		L+	6.00%	2/26/2023	—	—	—
		Secured Debt	(9)	02/26/2018	12.13%	L+	8.00%	2/26/2023	4,236	4,228	4,236
		Member Units	(8)	02/26/2018	1,087					2,860	5,728
		Member Units	(8) (23)	11/02/2018	261,786					443	678
										7,531	10,642
Charps, LLC	Pipeline Maintenance and Construction										
		Preferred Member Units	(8)	02/03/2017	457					491	3,330
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal										
		Secured Debt	(9)	12/20/2016	13.23%	SF+	9.00%	1/15/2024	2,620	2,620	2,620
		Secured Debt		12/20/2016	10.00%			12/20/2036	262	260	260
		Member Units	(8)	12/20/2016	179					1,820	2,060
		Member Units	(23)	12/20/2016	200					53	152
										4,753	5,092
Cody Pools, Inc.	Designer of Residential and Commercial Pools										
		Secured Debt	(9)	03/06/2020	15.38%	L+	10.50%	12/17/2026	273	261	273
		Secured Debt	(9)	03/06/2020	15.38%	L+	10.50%	12/17/2026	6,882	6,786	6,882
		Preferred Member Units	(8) (23)	03/06/2020	147					2,079	14,550
										9,126	21,705
Colonial Electric Company LLC	Provider of Electrical Contracting Services										
		Secured Debt		03/31/2021				3/31/2026	—	—	—
		Secured Debt		03/31/2021	12.00%			3/31/2026	5,828	5,729	5,729
		Preferred Member Units	(8)	03/31/2021	4,320					1,920	2,290
										7,649	8,019
Datacom, LLC	Technology and Telecommunications Provider										
		Secured Debt		03/01/2022	7.50%			12/31/2025	25	25	25
		Secured Debt		03/31/2021	7.50%			12/31/2025	958	895	865
		Preferred Member Units	(8)	03/31/2021	1,000					290	300
										1,210	1,190
Digital Products Holdings LLC	Designer and Distributor of Consumer Electronics										
		Secured Debt	(9)	04/01/2018	14.13%	L+	10.00%	4/1/2023	3,883	3,878	3,878
		Preferred Member Units	(8)	04/01/2018	964					2,375	2,459
										6,253	6,337
Direct Marketing Solutions, Inc.	Provider of Omni-Channel Direct Marketing Services										
		Secured Debt	(9)	02/13/2018		L+	11.00%	2/13/2026	—	(5)	—
		Secured Debt	(9)	12/27/2022	15.13%	L+	11.00%	2/13/2026	5,352	5,306	5,352

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Preferred Stock	(8)	02/13/2018	2,100					2,100	5,558
										7,401	10,910
Flame King Holdings, LLC	Propane Tank and Accessories Distributor										
		Secured Debt	(9)	10/29/2021	10.75%	L+ 6.50%		10/31/2026	1,900	1,885	1,900
		Secured Debt	(9)	10/29/2021	13.25%	L+ 9.00%		10/31/2026	5,300	5,175	5,300
		Preferred Equity	(8)	10/29/2021	2,340					2,600	4,400
										9,660	11,600
Freeport Financial Funds	(12) (13) Investment Partnership										
		LP Interests (Freeport First Lien Loan Fund III LP)	(8) (24)	07/31/2015	6.0%					6,303	5,848
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems										
		Secured Debt	(9)	06/24/2016		SF+ 8.50%		1/1/2028	—	—	—
		Secured Debt	(9)	12/15/2022	11.50%	SF+ 8.50%		1/1/2028	16,020	15,747	16,020
		Member Units	(8)	06/24/2016	2,261					4,423	12,720
										20,170	28,740
GFG Group, LLC	Grower and Distributor of a Variety of Plants and Products to Other Wholesalers, Retailers and Garden Centers										
		Secured Debt		03/31/2021	9.00%			3/31/2026	2,836	2,779	2,836
		Preferred Member Units	(8)	03/31/2021	56					1,225	1,790
										4,004	4,626
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing										
		Secured Debt	(9)	09/29/2017		L+ 9.50%		7/1/2027	—	—	—
		Secured Debt		07/01/2022	12.50%			7/1/2027	600	600	571
		Preferred Equity		07/01/2022	15,930					1,400	950
		Member Units		04/29/2016	920					920	—
										2,920	1,521
Harris Preston Fund Investments	(12) (13) Investment Partnership										
		LP Interests (HPEP 3, L.P.)	(24)	08/09/2017	8.2%					2,558	4,331
Kickhaefer Manufacturing Company, LLC	Precision Metal Parts Manufacturing										
		Secured Debt		10/31/2018	11.50%			10/31/2023	5,104	5,075	5,093
		Secured Debt		10/31/2018	9.00%			10/31/2048	970	961	961
		Preferred Equity		10/31/2018	145					3,060	1,800
		Member Units	(8) (23)	10/31/2018	200					248	713
										9,344	8,567
Market Force Information, LLC	Provider of Customer Experience Management Services										
		Secured Debt	(14)	07/28/2017	12.00%		12.00%	7/28/2023	6,520	6,463	403
		Member Units		07/28/2017	185,980					4,160	—
										10,623	403
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products										

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Portfolio Company (1) (20)	Business Description		Type of Investment (2) (3) (15)		Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt		08/31/2015		13.00%			12/31/2022	1,539	1,539	1,137
			Preferred Member Units		03/15/2019	16,500					1,100	—	
			Preferred Member Units		09/01/2015	1,000					1,500	—	
										4,139	1,137		
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers												
			Secured Debt		08/18/2014					1/31/2024	—	—	—
			Secured Debt		08/18/2014		10.00%		1/31/2024	1,436	1,436	1,436	
			Common Stock	(8)	08/18/2014	1,468					680	5,708	
										2,116	7,144		
NexRev LLC	Provider of Energy Efficiency Products & Services												
			Secured Debt		02/28/2018					2/28/2025	—	—	—
			Secured Debt		02/28/2018		11.00%		2/28/2025	2,866	2,828	2,119	
			Preferred Member Units	(8)	02/28/2018	25,786,046					2,053	280	
										4,881	2,399		
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment												
			Secured Debt	(9)	01/31/2017		10.63%	L+	6.50%	1/31/2025	1,100	1,097	1,100
			Secured Debt		01/31/2017		12.00%		1/31/2025	4,610	4,603	4,603	
			Preferred Member Units		11/02/2022	515					515	1,290	
			Preferred Member Units		01/31/2017	102					2,550	2,010	
											8,765	9,003	
Oneliance, LLC	Construction Cleaning Company												
			Secured Debt	(9)	08/06/2021		15.13%	L+	11.00%	8/6/2026	1,400	1,380	1,380
			Preferred Stock		08/06/2021	264						264	264
											1,644	1,644	
Orttech Holdings, LLC	Distributor of Industrial Clutches, Brakes and Other Components												
			Secured Debt	(9)	07/30/2021			L+	11.00%	7/31/2026	—	(2)	(2)
			Secured Debt	(9)	07/30/2021		15.13%	L+	11.00%	7/31/2026	5,900	5,814	5,814
			Preferred Stock	(8) (23)	07/30/2021	2,500						2,500	2,940
											8,312	8,752	
Robbins Bros. Jewelry, Inc.	Bridal Jewelry Retailer												
			Secured Debt	(9)	12/15/2021					12/15/2026	—	(8)	(8)
			Secured Debt	(9)	12/15/2021		12.50%		12/15/2026	3,965	3,902	3,902	
			Preferred Equity		12/15/2021	1,230						1,230	1,650
										5,124	5,544		
SI East, LLC	Rigid Industrial Packaging Manufacturing												
			Secured Debt		08/31/2018					8/31/2023	—	—	—
			Secured Debt		08/31/2018		9.50%		8/31/2023	29,929	29,795	29,929	
			Preferred Member Units	(8)	08/31/2018	52						406	4,550
										30,201	34,479		
Sonic Systems International, LLC	(10)	Nuclear Power Staffing Services											
			Secured Debt	(9)	08/20/2021		11.24%	L+	7.50%	8/20/2026	18,425	18,143	18,425
			Common Stock		08/20/2021	11,647						1,584	1,490
											19,727	19,915	
Student Resource Center, LLC	(10)	Higher Education Services											

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Secured Debt	12/31/2022		13.27%	L+	8.50%	12/31/2027	5,556	5,063	5,063
		Preferred Equity	12/31/2022	6,564,055						—	—
										5,063	5,063
Tedder Industries, LLC	Manufacturer of Firearm Holsters and Accessories										
		Secured Debt	08/31/2018		12.00%			8/31/2023	460	460	460
		Secured Debt	08/31/2018		12.00%			8/31/2023	3,800	3,797	3,780
		Preferred Member Units	08/31/2018	136						2,311	1,920
										6,568	6,160
Trantech Radiator Topco, LLC	Transformer Cooling Products and Services										
		Secured Debt	05/31/2019					5/31/2024	—	(3)	—
		Secured Debt	05/31/2019		12.00%			5/31/2024	1,980	1,960	1,980
		Common Stock	(8) 05/31/2019	154						1,164	1,950
										3,121	3,930
VVS Holdco LLC	Omnichannel Retailer of Animal Health Products										
		Secured Debt	(9) (23) 12/01/2021			L+ 6.00%		12/1/2023	—	(5)	(5)
		Secured Debt	(23) 12/01/2021		11.50%			12/1/2026	7,600	7,421	7,421
		Preferred Equity	(8) (23) 12/01/2021	2,960						2,960	2,990
										10,376	10,406
Subtotal Affiliate Investments (45.4% of net assets at fair value)										\$	241,565
Non-Control Investments (7)										\$	277,000
AAC Holdings, Inc.	(11) Substance Abuse Treatment Service Provider										
		Secured Debt	12/11/2020		18.00%		18.00%	6/25/2025	\$ 4,173	\$ 3,963	\$ 4,110
		Common Stock	12/11/2020	593,927						3,148	—
		Warrants	(27) 12/11/2020	197,717				12/11/2025		—	—
										7,111	4,110
AB Centers Acquisition Corporation	(10) Applied Behavior Analysis Therapy Provider										
		Secured Debt	(9) 09/06/2022			SF+ 6.00%		9/6/2028	—	(5)	(5)
		Secured Debt	(9) 09/06/2022		10.20%	SF+ 6.00%		9/6/2028	86	77	86
		Secured Debt	(9) 09/06/2022		10.58%	SF+ 6.00%		9/6/2028	1,983	1,930	1,983
										2,002	2,064
Acumera, Inc.	(10) Managed Security Service Provider										
		Secured Debt	(9) 06/28/2022		13.88%	L+ 9.50%		10/26/2027	4,616	4,511	4,616
		Secured Debt	(9) 06/28/2022		13.57%	L+ 9.00%		10/26/2027	1,379	1,348	1,379
										5,859	5,995
Adams Publishing Group, LLC	(10) Local Newspaper Operator										
		Secured Debt	(9) (28) 03/11/2022		10.00%	L+ 6.00%		3/11/2027	565	565	565
		Secured Debt	(9) (28) 03/11/2022		10.00%	L+ 7.50%		3/11/2027	2,826	2,819	2,826
										3,384	3,391
ADS Tactical, Inc.	(11) Value-Added Logistics and Supply Chain Provider to the Defense Industry										
		Secured Debt	(9) 03/29/2021		10.14%	L+ 5.75%		3/19/2026	9,125	8,996	8,213
AMEREQUIP LLC.	(10) Full Service Provider of Comprehensive Commercial Production Services, Including the Design, Engineering, and Manufacturing of Products It										

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Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt	(9)	08/31/2022		SF+ 7.40%		8/31/2027	—	—	—
			Secured Debt	(9)	08/31/2022	11.72%	SF+ 7.40%		8/31/2027	2,026	2,026	2,025
			Common Stock		08/31/2022	11						80
											2,106	2,105
American Health Staffing Group, Inc.	(10)	Healthcare Temporary Staffing										
			Secured Debt	(9)	11/19/2021		L+ 6.00%		11/19/2026	—	(13)	(13)
			Secured Debt	(9)	11/19/2021	11.12%	L+ 6.00%		11/19/2026	8,271	8,206	8,271
											8,193	8,258
American Nuts, LLC	(10)	Roaster, Mixer and Packager of Bulk Nuts and Seeds										
			Secured Debt	(9)	03/11/2022	10.46%	SF+ 6.75%		4/10/2026	4,438	4,416	4,148
			Secured Debt	(9)	03/11/2022	12.46%	SF+ 8.75%		4/10/2026	4,438	4,417	4,161
											8,833	8,309
American Teleconferencing Services, Ltd.	(11)	Provider of Audio Conferencing and Video Collaboration Solutions										
			Secured Debt	(14)	09/17/2021	7.50%	L+ 6.50%		1/31/2023	2,425	2,375	136
			Secured Debt	(9) (14)	05/19/2016	7.50%	L+ 6.50%		6/8/2023	11,693	11,451	658
											13,826	794
ArborWorks, LLC	(10)	Vegetation Management Services										
			Secured Debt	(9)	11/09/2021	13.41%	L+ 9.00%		11/9/2026	2,484	2,427	2,095
			Secured Debt	(9)	11/09/2021	13.56%	L+ 9.00%		11/9/2026	15,786	15,540	13,313
			Common Equity		11/09/2021	124					124	—
											18,091	15,408
Archer Systems, LLC	(10)	Mass Tort Settlement Administration Solutions Provider										
			Secured Debt	(9)	08/11/2022		SF+ 6.50%		8/11/2027	—	(4)	(4)
			Secured Debt	(9)	08/11/2022	10.92%	SF+ 6.50%		8/11/2027	2,205	2,165	2,170
			Common Stock		08/11/2022	62,402					62	62
											2,223	2,228
ATS Operating, LLC	(10)	For-Profit Thrift Retailer										
			Secured Debt	(9)	01/18/2022		SF+ 5.50%		1/18/2027	—	—	—
			Secured Debt	(9)	01/18/2022	9.32%	SF+ 5.50%		1/18/2027	925	907	914
			Secured Debt	(9)	01/18/2022	11.32%	SF+ 7.50%		1/18/2027	925	907	916
			Common Stock		01/18/2022	100,000					100	90
											1,914	1,920
AVEX Aviation Holdings, LLC	(10)	Specialty Aircraft Dealer										
			Secured Debt	(9)	12/23/2022		SF+ 7.25%		12/23/2027	—	(8)	(8)
			Secured Debt	(9)	12/23/2022	12.17%	SF+ 7.25%		12/23/2027	4,038	3,876	3,876
			Common Equity		12/15/2021	50					50	56
											3,918	3,924
BBB Tank Services, LLC		Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market										
			Unsecured Debt	(9) (17)	04/08/2016	15.12%	L+ 11.00%		4/8/2021	200	200	200
			Unsecured Debt	(9) (17)	04/08/2016	15.12%	L+ 11.00%		4/8/2021	1,000	1,000	522
			Preferred Stock (non-voting)		12/17/2018	15.00%					41	—
			Member Units		04/08/2016	200,000					200	—
											1,441	722
Berry Aviation, Inc.	(10)	Charter Airline Services										

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		Secured Debt	07/06/2018		12.00%		1.50%	1/6/2024	190	189	190
		Preferred Member Units	(8) (23) 11/12/2019	122,416			16.00%			—	270
		Preferred Member Units	(8) (23) 07/06/2018	1,548,387	8.00%		8.00%			1,161	4,561
										<u>1,350</u>	<u>5,021</u>
Bettercloud, Inc.	(10) SaaS Provider of Workflow Management and Business Application Solutions										
		Secured Debt	(9) 06/30/2022			SF+ 1.00%	6.00%	6/30/2028	—	(22)	(22)
		Secured Debt	(9) 06/30/2022		11.40%	SF+ 1.00%	6.00%	6/30/2028	7,991	7,848	7,991
										<u>7,826</u>	<u>7,969</u>
Binswanger Enterprises, LLC	(10) Glass Repair and Installation Service Provider										
		Member Units	03/10/2017	1,050,000						1,050	420
Bluestem Brands, Inc.	(11) Multi-Channel Retailer of General Merchandise										
		Secured Debt	(9) 10/19/2022			L+ 8.50%		8/28/2025	—	—	—
		Secured Debt	(9) 08/28/2020		12.94%	L+ 8.50%		8/28/2025	3,473	2,455	3,366
		Common Stock	(8) 10/01/2020	700,446						—	4,708
		Warrants	(27) 10/19/2022	175,110				10/19/2032		1,111	1,173
										<u>3,566</u>	<u>9,247</u>
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete										
		Secured Debt	09/23/2021		10.00%			2/28/2027	80	80	80
		Member Units	(8) 06/30/2017	540,000						564	741
										<u>644</u>	<u>821</u>
Brightwood Capital Fund Investments	(12) (13) Investment Partnership										
		LP Interests (Brightwood Capital Fund III, LP)	(8) (24) 07/21/2014	0.5%						2,449	1,576
		LP Interests (Brightwood Capital Fund IV, LP)	(8) (24) 10/26/2016	1.2%						8,737	9,082
										<u>11,186</u>	<u>10,658</u>
Buca C, LLC	Casual Restaurant Group										
		Secured Debt	06/30/2015		9.00%			6/30/2023	11,740	11,740	8,345
		Preferred Member Units	06/30/2015	4	6.00%		6.00%			3,040	—
										<u>14,780</u>	<u>8,345</u>
Burning Glass Intermediate Holding Company, Inc.	(10) Provider of Skills-Based Labor Market Analytics										
		Secured Debt	(9) 06/14/2021			L+ 5.00%		6/10/2026	—	(19)	—
		Secured Debt	(9) 06/14/2021		8.91%	L+ 5.00%		6/10/2028	13,255	13,070	13,255
										<u>13,051</u>	<u>13,255</u>
Cadence Aerospace LLC	(10) Aerostructure Manufacturing										
		Secured Debt	(9) (30) 11/14/2017		11.99%	L+ 8.50%	0.01%	11/14/2023	20,112	20,066	20,112
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software										
		Preferred Equity	(8) 12/13/2021	379,338						379	379
		Preferred Equity	12/13/2021	126,446						—	—

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										379	379
Camin Cargo Control, Inc.	(11) Provider of Mission Critical Inspection, Testing and Fuel Treatment Services	Secured Debt	(9) 06/14/2021		10.88%	L+ 6.50%		6/4/2026	7,609	7,553	7,342
Career Team Holdings, LLC	Provider of Workforce Training and Career Development Services	Secured Debt	(9) 12/17/2021			L+ 6.00%		12/17/2026	—	(3)	(3)
		Secured Debt	12/17/2021		12.50%			12/17/2026	2,250	2,196	2,196
		Common Stock	12/17/2021	50,000						500	500
										2,693	2,693
CaseWorthy, Inc.	(10) SaaS Provider of Case Management Solutions	Secured Debt	(9) 05/18/2022			L+ 6.00%		5/18/2027	—	(4)	(4)
		Secured Debt	(9) 05/18/2022		10.73%	L+ 6.00%		5/18/2027	2,600	2,574	2,574
		Secured Debt	(9) 05/18/2022		10.48%	L+ 5.75%		5/18/2027	1,995	1,977	1,995
		Common Equity	12/30/2022	80,000						80	80
										4,627	4,645
Channel Partners Intermediateco, LLC	(10) Outsourced Consumer Services Provider	Secured Debt	(9) (34) 02/07/2022		10.72%	SF+ 6.25%		2/7/2027	172	162	169
		Secured Debt	(9) (35) 02/07/2022		10.71%	SF+ 6.25%		2/7/2027	3,591	3,530	3,539
										3,692	3,708
Clarius BIGS, LLC	(10) Prints & Advertising Film Financing	Secured Debt	(14) (17) 09/23/2014		15.00%		15.00%	1/5/2015	2,747	2,403	19
Classic H&G Holdings, LLC	Provider of Engineered Packaging Solutions	Secured Debt	(9) 03/12/2020		9.75%	L+ 6.00%		3/12/2025	1,140	1,127	1,140
		Secured Debt	03/12/2020		8.00%			3/12/2025	4,819	4,754	4,819
		Preferred Member Units	(8) 03/12/2020	39						1,440	6,160
										7,321	12,119
Computer Data Source, LLC	(10) Third Party Maintenance Provider to the Data Center Ecosystem	Secured Debt	(9) (36) 08/06/2021		12.56%	L+ 8.00%		8/6/2026	4,167	4,106	3,851
		Secured Debt	(9) 08/06/2021		12.56%	L+ 8.00%		8/6/2026	15,604	15,374	14,421
										19,480	18,272
Construction Supply Investments, LLC	(10) Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	Member Units	(8) 12/29/2016	861,618						3,335	21,165
Dalton US Inc.	(10) Provider of Supplemental Labor Services	Secured Debt	(9) 08/16/2022		11.90%	SF+ 8.00%		8/16/2027	79	63	78
		Secured Debt	(9) 08/16/2022			SF+ 8.00%		8/16/2027	—	(5)	(5)
		Secured Debt	(9) 08/16/2022		12.56%	SF+ 8.00%		8/16/2027	1,035	1,016	1,020
		Common Stock	08/16/2022	14						14	14
										1,088	1,107
DMA Industries, LLC	Distributor of aftermarket ride control products										

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DTE Enterprises, LLC	(10) Industrial Powertrain Repair and Services	Secured Debt	11/19/2021		12.00%			11/19/2026	5,300	5,217	5,300
		Preferred Equity	11/19/2021	1,486						1,486	1,820
										6,703	7,120
		Secured Debt	(9) 04/13/2018			L+ 7.50%		4/13/2023	—	(1)	(1)
		Secured Debt	(9) 04/13/2018		12.24%	L+ 7.50%		4/13/2023	6,119	6,110	5,978
Dynamic Communities, LLC	(10) Developer of Business Events and Online Community Groups	Class AA Preferred Member Units (non-voting)	(8) 04/13/2018		10.00%		10.00%			1,161	1,161
		Class A Preferred Member Units	04/13/2018	776,316	8.00%		8.00%			776	380
										8,046	7,518
		Secured Debt	(9) 12/20/2022		9.18%	SF+ 4.50%	9.18%	12/31/2026	1,875	1,717	1,717
		Secured Debt	(9) 12/20/2022		11.18%	SF+ 6.50%	11.18%	12/31/2026	1,875	1,642	1,642
Elgin AcquireCo, LLC	Manufacturer and Distributor of Engine and Chassis Components	Preferred Equity	12/20/2022	125,000						128	128
		Preferred Equity	12/20/2022	2,376,241						—	—
		Common Equity	12/20/2022	1,250,000						—	—
										3,487	3,487
Emerald Technologies Acquisition Co, Inc.	(11) Design & Manufacturing	Secured Debt	(9) 10/03/2022			SF+ 6.00%		10/3/2027	—	(1)	(1)
		Secured Debt	10/03/2022		12.00%			10/3/2027	1,227	1,192	1,192
		Secured Debt	10/03/2022		9.00%			10/3/2052	415	411	411
		Common Stock	10/03/2022	25						497	497
		Common Stock	(23) 10/03/2022	61						102	102
Engineering Research & Consulting, LLC	(10) Provider of Engineering & Consulting Services to US Department of Defense									2,201	2,201
EPIC Y-Grade Services, LP	(11) NGL Transportation & Storage	Secured Debt	(9) 02/10/2022		10.67%	SF+ 6.25%		2/10/2028	2,453	2,411	2,328
Event Holco, LLC	(10) Event and Learning Management Software for Healthcare Organizations and Systems	Secured Debt	(9) 05/23/2022		11.68%	SF+ 6.50%		5/23/2027	41	27	41
		Secured Debt	(9) 05/23/2022		10.92%	SF+ 6.50%		5/23/2028	5,159	5,070	5,159
										5,097	5,200
Flip Electronics LLC	(10) Distributor of Hard-to-Find and Obsolete Electronic Components	Secured Debt	(9) 06/22/2018		10.70%	L+ 6.00%		6/30/2027	6,840	6,777	6,156
Flip Electronics LLC	(10) Distributor of Hard-to-Find and Obsolete Electronic Components	Secured Debt	(9) 12/22/2021		10.67%	L+ 7.00%		12/22/2026	308	305	292
		Secured Debt	(9) 12/22/2021		10.67%	L+ 7.00%		12/22/2026	3,692	3,663	3,507
										3,968	3,799
		Secured Debt	(9) 03/24/2022		11.21%	SF+ 7.50%		1/2/2026	818	818	818
		Secured Debt	(9) 01/04/2021		12.19%	SF+ 7.50%		1/2/2026	12,327	12,055	12,327
Flip Electronics LLC	(10) Distributor of Hard-to-Find and Obsolete Electronic Components									12,873	13,145

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Hawk Ridge Systems, LLC		Value-Added Reseller of Engineering Design and Manufacturing Solutions												
			Secured Debt	(9)	12/02/2016		10.13%	L+	6.00%		1/15/2026	796	796	796
			Secured Debt		12/02/2016		9.00%				1/15/2026	8,200	8,147	8,200
			Preferred Member Units	(8)	12/02/2016	56							713	4,370
			Preferred Member Units	(23)	12/02/2016	56							38	230
													9,694	13,596
HDC/HW Intermediate Holdings	(10)	Managed Services and Hosting Provider												
			Secured Debt	(9)	12/21/2018		14.34%	SF+	9.50%	2.00%	12/21/2023	180	179	175
			Secured Debt	(9)	12/21/2018		14.34%	SF+	9.50%	2.00%	12/21/2023	1,780	1,772	1,731
													1,951	1,906
HEADLANDS OP-CO LLC	(10)	Clinical Trial Sites Operator												
			Secured Debt	(9)	08/01/2022			SF+	6.50%		8/1/2027	—	(18)	(18)
			Secured Debt	(9)	08/01/2022			SF+	6.50%		8/1/2027	—	(18)	(18)
			Secured Debt	(9)	08/01/2022		10.62%	SF+	6.50%		8/1/2027	4,975	4,884	4,975
													4,848	4,939
Hybrid Promotions, LLC	(10)	Wholesaler of Licensed, Branded and Private Label Apparel												
			Secured Debt		06/30/2021		12.07%	SF+	8.25%		6/30/2026	7,875	7,762	6,826
IG Parent Corporation	(11)	Software Engineering												
			Secured Debt	(9) (37)	07/30/2021		10.17%	SF+	5.75%		7/30/2026	465	447	465
			Secured Debt	(9)	07/30/2021		10.17%	SF+	5.75%		7/30/2028	8,291	8,186	8,291
													8,633	8,756
Implus Footcare, LLC	(10)	Provider of Footwear and Related Accessories												
			Secured Debt	(9)	06/01/2017		13.98%	L+	7.75%	1.50%	4/30/2024	16,921	16,914	15,961
Independent Pet Partners Intermediate Holdings, LLC	(10)	Omnichannel Retailer of Specialty Pet Products												
			Secured Debt		11/28/2022		14.42%	SF+	10.00%	14.42%	2/27/2023	481	459	459
			Secured Debt	(14)	12/10/2020		6.00%			6.00%	11/20/2023	10,902	10,443	4,515
			Preferred Stock (non-voting)		12/10/2020		6.00%			6.00%			2,470	—
			Preferred Stock (non-voting)		12/10/2020								—	—
			Member Units		11/20/2018	1,191,667							1,192	—
			Warrants		11/20/2018	185,757					11/19/2028		—	—
													14,564	4,974
Industrial Services Acquisition, LLC	(10)	Industrial Cleaning Services												
			Secured Debt	(9)	08/13/2021		11.50%	L+	6.75%		8/13/2026	387	359	387
			Secured Debt	(9)	08/13/2021		11.50%	L+	6.75%		8/13/2026	10,871	10,738	10,871
			Preferred Member Units	(8) (23)	01/31/2018	336	10.00%			10.00%			301	338
			Preferred Member Units	(8) (23)	05/17/2019	187	20.00%			20.00%			215	217
			Member Units	(23)	06/17/2016	2,100							2,100	1,400
													13,713	13,213
Infolinks Media Buyco, LLC	(10)	Exclusive Placement Provider to the Advertising Ecosystem												
			Secured Debt	(9)	11/01/2021			L+	5.50%		11/1/2026	—	(48)	(48)

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			Secured Debt	(9)	11/01/2021		10.23%	L+ 5.50%		11/1/2026	10,742	10,576	10,742
												10,528	10,694
Interface Security Systems, L.L.C	(10)	Commercial Security & Alarm Services											
			Secured Debt	(38)	12/09/2021		14.22%	L+ 10.00%		8/7/2023	1,682	1,682	1,682
			Secured Debt	(9) (14)	08/07/2019		12.07%	L+ 7.00%	1.00%	8/7/2023	7,334	7,254	1,085
			Common Stock		12/07/2021	2,143						—	—
												8,936	2,767
Intermedia Holdings, Inc.	(11)	Unified Communications as a Service											
			Secured Debt	(9)	08/03/2018		10.38%	L+ 6.00%		7/19/2025	5,621	5,613	4,342
Invincible Boat Company, LLC.	(10)	Manufacturer of Sport Fishing Boats											
			Secured Debt	(9)	08/28/2019		10.14%	L+ 6.50%		8/28/2025	622	618	622
			Secured Debt	(9)	08/28/2019		10.17%	L+ 6.50%		8/28/2025	17,148	17,050	17,148
												17,668	17,770
INW Manufacturing, LLC	(11)	Manufacturer of Nutrition and Wellness Products											
			Secured Debt	(9)	05/19/2021		10.48%	L+ 5.75%		3/25/2027	6,984	6,825	5,972
Iron-Main Investments, LLC		Consumer Reporting Agency Providing Employment Background Checks and Drug Testing											
			Secured Debt		08/02/2021		12.50%			11/15/2026	1,133	1,108	1,108
			Secured Debt		09/01/2021		12.50%			11/15/2026	788	771	771
			Secured Debt		11/15/2021		12.50%			11/15/2026	2,236	2,236	2,236
			Secured Debt		11/15/2021		12.50%			11/15/2026	4,928	4,813	4,813
			Common Stock		08/03/2021	44,944						449	449
												9,377	9,377
Isagenix International, LLC	(11)	Direct Marketer of Health & Wellness Products											
			Secured Debt	(9) (14)	06/21/2018		9.93%	L+ 7.75%		6/14/2025	5,053	5,034	1,537
Jackmont Hospitality, Inc.	(10)	Franchisee of Casual Dining Restaurants											
			Secured Debt	(9)	10/26/2022		12.23%	L+ 7.50%		11/4/2024	1,000	965	1,000
			Secured Debt	(9)	11/08/2021		12.23%	L+ 7.50%		11/4/2024	4,126	4,126	4,126
			Preferred Equity	(8)	11/08/2021	5,653,333	12.00%		12.00%			242	1,247
												5,333	6,373
Joerns Healthcare, LLC	(11)	Manufacturer and Distributor of Health Care Equipment & Supplies											
			Secured Debt		11/15/2021		18.00%			1/31/2024	1,935	1,935	1,935
			Secured Debt	(14)	08/21/2019		19.75%		19.75%	8/21/2024	3,351	3,325	418
			Common Stock		08/21/2019	392,514						3,678	—
												8,938	2,353
Johnson Downie Opco, LLC		Executive Search Services											
			Secured Debt	(9)	12/10/2021			L+ 11.50%		12/10/2026	—	(3)	—
			Secured Debt	(9)	12/10/2021		15.63%	L+ 11.50%		12/10/2026	1,111	1,093	1,111
			Preferred Equity	(8)	12/10/2021	350						350	620
												1,440	1,731

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JorVet Holdings, LLC	Supplier and Distributor of Veterinary Equipment and Supplies	Secured Debt	03/28/2022		12.00%			3/28/2027	2,850	2,802	2,802
		Preferred Equity	03/28/2022	11,934						1,193	1,193
										3,995	3,995
JTI Electrical & Mechanical, LLC	(10) Electrical, Mechanical and Automation Services	Secured Debt	12/22/2021			L+ 6.00%		12/22/2026	—	(11)	(11)
		Secured Debt	12/22/2021		10.73%	L+ 6.00%		12/22/2026	3,059	3,010	3,059
		Common Equity	12/22/2021	140,351						140	240
										3,139	3,288
KMS, LLC	(10) Wholesaler of Closeout and Value-priced Products	Secured Debt	10/04/2021		12.00%	L+ 7.25%		10/4/2026	1,330	1,250	1,244
		Secured Debt	10/04/2021		12.00%	L+ 7.25%		10/4/2026	9,381	9,238	8,778
										10,488	10,022
Lightbox Holdings, L.P.	(11) Provider of Commercial Real Estate Software	Secured Debt	05/09/2019		9.73%	L+ 5.00%		5/9/2026	5,826	5,783	5,622
LL Management, Inc.	(10) Medical Transportation Service Provider	Secured Debt	05/02/2019		11.21%	SF+ 7.25%		9/25/2023	8,003	7,987	7,945
		Secured Debt	05/02/2019		11.67%	SF+ 7.25%		9/25/2023	6,164	6,148	6,119
		Secured Debt	05/12/2022		11.67%	SF+ 7.25%		9/25/2023	8,884	8,809	8,820
										22,944	22,884
LLFlex, LLC	(10) Provider of Metal-Based Laminates	Secured Debt	08/16/2021		12.74%	L+ 9.00%		8/16/2026	4,938	4,856	4,833
Logix Acquisition Company, LLC	(10) Competitive Local Exchange Carrier	Secured Debt	01/08/2018		10.13%	L+ 5.75%		12/22/2024	9,506	9,476	7,843
Mako Steel, LP	(10) Self-Storage Design & Construction	Secured Debt	03/15/2021		11.79%	L+ 7.25%		3/15/2026	3,448	3,395	3,426
		Secured Debt	03/15/2021		11.09%	L+ 7.25%		3/15/2026	17,070	16,845	16,959
										20,240	20,385
MB2 Dental Solutions, LLC	(11) Dental Partnership Organization	Secured Debt	01/28/2021		10.42%	SF+ 6.00%		1/29/2027	8,359	8,223	8,359
		Secured Debt	01/28/2021		10.42%	SF+ 6.00%		1/29/2027	7,876	7,783	7,876
										16,006	16,235
MetalForming AcquireCo, LLC	Distributor of Sheet Metal Folding and Metal Forming Equipment	Secured Debt	10/19/2022					10/19/2024	—	(1)	(1)
		Secured Debt	10/19/2022		12.75%			10/19/2027	1,748	1,697	1,697
		Preferred Equity	10/19/2022	434,331	8.00%		8.00%			441	441
		Common Stock	10/19/2022	112,865						113	113
										2,250	2,250
Microbe Formulas, LLC	(10) Nutritional Supplements Provider										

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2022
(dollars in thousands)

Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)		Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt	(9)	04/04/2022			SF+ 6.25%		4/3/2028	—	(7)	(7)
			Secured Debt	(9)	04/04/2022		9.86%	SF+ 6.25%		4/3/2028	3,142	3,085	3,034
												3,078	3,027
Mills Fleet Farm Group, LLC	(10)	Omnichannel Retailer of Work, Farm and Lifestyle Merchandise											
			Secured Debt	(9)	10/24/2018		10.66%	L+ 6.25%		10/24/2024	18,769	18,559	18,338
MonitorUS Holding, LLC	(10) (13) (21)	SaaS Provider of Media Intelligence Services											
			Secured Debt	(9)	05/24/2022			L+ 7.00%		5/24/2027	—	(19)	(19)
			Secured Debt	(9)	05/24/2022		11.73%	L+ 7.00%		5/24/2027	2,882	2,828	3,139
			Secured Debt	(9)	05/24/2022		11.73%	L+ 7.00%		5/24/2027	4,906	4,820	4,906
			Common Stock		08/30/2022	12,798,820						256	256
												7,885	8,282
NinjaTrader, LLC	(10)	Operator of Futures Trading Platform											
			Secured Debt	(9)	12/18/2019			L+ 6.25%		12/18/2024	—	(1)	—
			Secured Debt	(9)	12/18/2019			L+ 6.25%		12/18/2024	—	(23)	(23)
			Secured Debt	(9)	12/18/2019		9.99%	L+ 6.25%		12/18/2024	11,634	11,524	11,634
												11,500	11,611
NTM Acquisition Corp.	(11)	Provider of B2B Travel Information Content											
			Secured Debt	(9)	07/12/2016		9.50%	L+ 6.25%	1.00%	6/7/2024	4,036	4,034	3,915
NWN Corporation	(10)	Value Added Reseller and Provider of Managed Services to a Diverse Set of Industries											
			Secured Debt	(9) (39)	05/07/2021		10.85%	SF+ 8.00%		5/7/2026	1,570	1,519	1,482
			Secured Debt	(9)	05/07/2021		12.56%	SF+ 8.00%		5/7/2026	20,786	20,476	19,620
			Secured Debt		12/16/2022		20.00%		20.00%	8/6/2026	3,226	3,065	3,065
												25,060	24,167
OVG Business Services, LLC	(10)	Venue Management Services											
			Secured Debt	(9)	11/29/2021		10.64%	L+ 6.25%		11/19/2028	17,413	17,265	16,368
Paragon Healthcare, Inc.	(10)	Infusion Therapy Treatment Provider											
			Secured Debt	(9)	01/19/2022		10.26%	SF+ 5.75%		1/19/2027	71	57	70
			Secured Debt	(9) (29)	01/19/2022		9.96%	SF+ 5.75%		1/19/2027	356	343	349
			Secured Debt	(9)	01/19/2022		9.81%	SF+ 5.75%		1/19/2027	2,363	2,304	2,317
												2,704	2,736
PTL US Bidco, Inc	(13) (40)	Manufacturers of Equipment, Including Drilling Rigs and Equipment, and Providers of Supplies and Services to Companies Involved In the Drilling, Evaluation and Completion of Oil and Gas Wells.											
			Secured Debt	(9)	08/19/2022			SF+ 7.25%		8/19/2027	—	(12)	(12)
			Secured Debt	(9)	08/19/2022		11.80%	SF+ 7.25%		8/19/2027	1,852	1,817	1,828
												1,805	1,816
RA Outdoors LLC	(10)	Software Solutions Provider for Outdoor Activity Management											
			Secured Debt	(9)	04/08/2021			SF+ 6.75%		4/8/2026	—	(11)	(11)

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2022
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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)		Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Research Now Group, Inc. and Survey Sampling International, LLC	(11)	Provider of Outsourced Online Surveying	Secured Debt	(9)	04/08/2021	10.56%	SF+	6.75%	4/8/2026	12,917	12,789	11,685	
											12,778	11,674	
			Secured Debt	(9)	12/29/2017	8.84%	L+	5.50%	12/20/2024	9,820	9,820	7,434	
RM Bidder, LLC	(10)	Scripted and Unscripted TV and Digital Programming Provider											
			Member Units		11/12/2015	1,854					31	13	
			Warrants	(26)	11/12/2015	218,601			10/20/2025		284	—	
											315	13	
Roof Opco, LLC	(10)	Residential Re-Roofing/Repair											
			Secured Debt	(9)	08/27/2021	10.97%	SF+	6.50%	8/27/2026	389	375	389	
			Secured Debt	(9)	08/27/2021	10.32%	SF+	6.50%	8/27/2026	2,917	2,835	2,917	
			Secured Debt	(9)	08/27/2021	10.32%	SF+	6.50%	8/27/2026	3,967	3,906	3,967	
											7,116	7,273	
Rug Doctor, LLC.	(10)	Carpet Cleaning Products and Machinery											
			Secured Debt	(9)	07/16/2021	13.02%	SF+	6.25%	2.00%	11/16/2024	6,250	6,212	5,597
			Secured Debt	(9)	07/16/2021	13.02%	SF+	6.25%	2.00%	11/16/2024	9,250	9,190	8,293
											15,402	13,890	
Savers, Inc.	(11)	For-Profit Thrift Retailer											
			Secured Debt	(9)	05/14/2021	10.34%	SF+	5.50%	4/26/2028	4,281	4,270	4,149	
SIB Holdings, LLC	(10)	Provider of Cost Reduction Services											
			Secured Debt	(9)	10/29/2021	11.01%	L+	6.25%	10/29/2026	522	511	491	
			Secured Debt	(9)	10/29/2021	11.01%	L+	6.25%	10/29/2026	1,954	1,908	1,803	
			Secured Debt	(9)	10/29/2021	11.01%	L+	6.25%	10/29/2026	9,726	9,576	8,974	
			Common Equity		10/29/2021	119,048					250	183	
											12,245	11,451	
Slick Innovations, LLC		Text Message Marketing Platform											
			Secured Debt		09/13/2018	14.00%			12/22/2027	3,460	3,334	3,460	
			Common Stock	(8)	09/13/2018	17,500					114	400	
											3,448	3,860	
South Coast Terminals Holdings, LLC	(10)	Specialty Toll Chemical Manufacturer											
			Secured Debt	(9)	12/10/2021		L+	5.75%	12/13/2026	—	(6)	(6)	
			Secured Debt	(9)	12/10/2021	9.69%	L+	5.75%	12/13/2026	3,523	3,467	3,523	
			Common Equity		12/10/2021	60,606					61	92	
											3,522	3,609	
SPAU Holdings, LLC	(10)	Digital Photo Product Provider											
			Secured Debt	(9)	07/01/2022		SF+	7.50%	7/1/2027	—	(18)	(18)	
			Secured Debt	(9)	07/01/2022	11.06%	SF+	7.50%	7/1/2027	4,975	4,887	4,975	
			Common Stock		07/01/2022	200,000					200	200	
											5,069	5,157	
Tex Tech Tennis, LLC	(10)	Sporting Goods & Textiles											
			Preferred Equity	(23)	07/07/2021	1,000,000					1,000	1,830	

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2022
(dollars in thousands)

Portfolio Company (1) (20)		Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
The Affiliati Network, LLC		Performance Marketing Solutions	Secured Debt	08/09/2021		13.00%			8/9/2026	30	26	26
			Secured Debt	08/09/2021		13.00%			8/9/2026	2,380	2,341	2,341
			Preferred Stock	08/09/2021	320,000						1,600	1,600
											3,967	3,967
U.S. TelePacific Corp.	(11)	Provider of Communications and Managed Services	Secured Debt	05/17/2017		11.57%	SF+ 1.25%	7.25%	5/2/2026	13,425	13,358	5,018
USA DeBusk LLC	(10)	Provider of Industrial Cleaning Services	Secured Debt	10/22/2019		9.82%	L+ 5.75%		9/8/2026	18,013	17,828	18,013
Vida Capital, Inc	(11)	Alternative Asset Manager	Secured Debt	10/10/2019		10.38%	L+ 6.00%		10/1/2026	6,263	6,208	4,885
Vistar Media, Inc.	(10)	Operator of Digital Out-of-Home Advertising Platform	Preferred Stock	04/03/2019	70,207						767	2,250
Volusion, LLC		Provider of Online Software-as-a-Service eCommerce Solutions	Secured Debt	01/26/2015		11.50%			1/26/2020	7,172	7,172	6,392
			Unsecured Convertible Debt	05/16/2018		8.00%			11/16/2023	175	175	—
			Preferred Member Units	01/26/2015	2,090,001						6,000	—
			Warrants	01/26/2015	784,867				1/26/2025		1,104	—
											14,451	6,392
VORTEQ Coil Finishers, LLC	(10)	Specialty Coating of Aluminum and Light-Gauge Steel	Common Equity	11/30/2021	769,231						769	2,910
Wall Street Prep, Inc.	(10)	Financial Training Services	Secured Debt	07/19/2021			L+ 7.00%		7/19/2026	—	(7)	(7)
			Secured Debt	07/19/2021		10.74%	L+ 7.00%		7/19/2026	5,328	5,252	5,216
			Common Stock	07/19/2021	500,000						500	530
											5,745	5,739
Watterson Brands, LLC	(10)	Facility Management Services	Secured Debt	12/17/2021		10.73%	L+ 6.00%		12/17/2026	51	46	51
			Secured Debt	12/17/2021		10.73%	L+ 6.00%		12/17/2026	53	45	53
			Secured Debt	12/17/2021		10.73%	L+ 6.00%		12/17/2026	4,142	4,089	4,141
											4,180	4,245
West Star Aviation Acquisition, LLC	(10)	Aircraft, Aircraft Engine and Engine Parts	Secured Debt	03/01/2022			SF+ 6.00%		3/1/2028	—	(6)	(6)
			Secured Debt	03/01/2022		8.59%	SF+ 6.00%		3/1/2028	2,978	2,926	2,948
			Common Stock	03/01/2022	200,000						200	250
											3,120	3,192

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2022
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Total Rate	Reference Rate and Spread (25)	PIK Rate (19)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Winter Services LLC	(10) Provider of Snow Removal and Ice Management Services	Secured Debt	(9) 11/19/2021			L+ 7.00%		11/19/2026	—	(43)	—
		Secured Debt	(9) 11/19/2021			L+ 7.00%		11/19/2026	—	(43)	(43)
		Secured Debt	(9) 11/19/2021		10.74%	L+ 7.00%		11/19/2026	12,500	12,305	12,487
										12,219	12,444
World Micro Holdings, LLC	Supply Chain Management	Secured Debt	12/12/2022		13.00%			12/12/2027	1,970	1,930	1,930
		Preferred Equity	12/12/2022	530						530	530
										2,460	2,460
Xenon Arc, Inc.	(10) Tech-enabled Distribution Services to Chemicals and Food Ingredients Primary Producers	Secured Debt	12/17/2021			L+ 5.25%		12/17/2026	—	(6)	(6)
		Secured Debt	12/17/2021		10.84%	L+ 5.25%		12/17/2027	1,200	1,169	1,192
		Secured Debt	12/17/2021		8.63%	L+ 5.25%		12/17/2027	2,370	2,332	2,354
										3,495	3,540
YS Garments, LLC	(11) Designer and Provider of Branded Activewear	Secured Debt	(9) 08/22/2018		9.51%	L+ 5.50%		8/9/2024	6,329	6,310	6,064
Zips Car Wash, LLC	(10) Express Car Wash Operator	Secured Debt	(9) 02/11/2022		11.67%	SF+ 7.25%		3/1/2024	2,388	2,357	2,388
		Secured Debt	(9) (32) 02/11/2022		11.67%	SF+ 7.25%		3/1/2024	599	594	597
										2,951	2,985
Subtotal Non-Control/Non-Affiliate Investments (121.5% of net assets at fair value)									\$	787,201	\$ 740,840
Total Portfolio Investments, December 31, 2022 (175.2% of net assets at fair value)									\$	1,059,886	\$ 1,068,143
Short-Term Investments (16)											
US Bank Money Market Account (21)									\$	8,347	\$ 8,347
Total Short-Term Investments									\$	8,347	\$ 8,347

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See *Note C—Fair Value Hierarchy for Investments—Portfolio Composition* for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered as security for one of the Company's Credit Facilities.
- (2) Debt investments are income producing, unless otherwise noted by footnote (14), as described below. Equity and warrants are non-income producing, unless otherwise noted by footnote (8), as described below.
- (3) See *Note C — Fair Value Hierarchy for Investments — Portfolio Composition* and Schedule 12-14 for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2022
(dollars in thousands)

- (5) Control investments are defined by the 1940 Act as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% (inclusive) of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. As noted in this schedule, 93% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.00%, with a weighted-average LIBOR floor of 1.04%.
- (10) Private Loan portfolio investment. See *Note C—Fair Value Hierarchy for Investments—Portfolio Composition* for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See *Note C—Fair Value Hierarchy for Investments—Portfolio Composition* for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See *Note C—Fair Value Hierarchy for Investments—Portfolio Composition* for a description of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing debt investment.
- (15) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (16) Short-term investments represent an investment in a fund that invests in highly liquid investments with average original maturity dates of three months or less. These short-term investments are included as Cash and cash equivalents on the Consolidated Balance Sheets.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See *Note C — Fair Value Hierarchy for Investments—Portfolio Composition* for further discussion. Negative fair value is the result of the capitalized discount on the loan or the unfunded commitment being valued below par.
- (19) Investments may have a portion, or all, of their income received from Paid-in-Kind ("PIK") interest or dividends. PIK interest income and cumulative dividend income represent income not paid currently in cash. The difference between the Total Rate and PIK Rate represents the cash rate as of December 31, 2022.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Effective yield as of December 31, 2022 was approximately 0.005% on the US Bank Money Market Account.
- (22) Investment date represents the date of initial investment in the security position.
- (23) Shares/Units represent ownership in a related Real Estate or HoldCo entity.
- (24) Investment is not unitized. Presentation is made in percent of fully diluted ownership unless otherwise indicated.
- (25) A majority of the variable rate loans in the Company's Investment Portfolio bear interest at a rate that may be determined by reference to either LIBOR ("L"), SOFR ("SF") or an alternate Base rate (commonly based on the Federal Funds Rate or the Prime rate ("P")), which typically resets every one, three, or six months at the borrower's option. SOFR based contracts may include a credit spread adjustment (the "Adjustment") that is charged in addition to the stated spread. The Adjustment is applied when the SOFR rate, plus the Adjustment, exceeds the stated floor rate, as applicable. As of December 31, 2022, SOFR based contracts in the portfolio had Adjustments ranging from 0.10% to 0.26%.
- (26) Warrants are presented in equivalent units with a strike price of \$14.28 per unit.
- (27) Warrants are presented in equivalent shares/units with a strike price of \$0.01 per share/unit.
- (28) Index based floating interest rate is subject to contractual maximum base rate of 2.50%.

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Consolidated Schedule of Investments (Continued)
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(dollars in thousands)

- (29) As of December 31, 2022, borrowings under the loan facility bore interest at SOFR+5.75% (Floor 1.00%). Delayed draw term loan facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (30) The security has an effective contractual interest rate of 2.00% PIK + LIBOR+6.50%, Floor 1.00%, but the issuer may, in its discretion, elect to pay the PIK interest in cash. The rate presented represents the effective current yield based on actual payments received during the period.
- (31) As of December 31, 2022, borrowings under the loan facility bore interest at LIBOR+7.25% (Floor 0.75%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (32) As of December 31, 2022, borrowings under the loan facility bore interest at SOFR+7.25% (Floor 1.00%). Each new draw on the delayed draw term loan facility has a different floating rate reset date. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (33) The position is unfunded and no interest income is being earned as of December 31, 2022. The position may earn a nominal unused facility fee on committed amounts.
- (34) As of December 31, 2022, borrowings under the loan facility bore interest at SOFR+6.25% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (35) As of December 31, 2022, borrowings under the loan facility bore interest at SOFR+6.25% (Floor 1.00%). Due to an amendment and subsequent funding during the quarter, the term loan facility has different floating rate reset dates. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (36) As of December 31, 2022, borrowings under the loan facility bore interest at LIBOR+8.00% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (37) As of December 31, 2022, borrowings under the loan facility bore interest at SOFR+5.75% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (38) As of December 31, 2022, borrowings under the loan facility bore interest at LIBOR+10.00%. RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (39) As of December 31, 2022, borrowings under the loan facility bore interest at SOFR+8.00% (Floor 1.00%). RLOC facility permits the borrower to make an interest rate election regarding the base rate on each draw under the facility. The rate presented represents a weighted-average rate for borrowings under the facility, as of December 31, 2022.
- (40) Portfolio company headquarters are located outside of the United States.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements****NOTE A—ORGANIZATION AND BASIS OF PRESENTATION****1. Organization**

MSC Income Fund, Inc. (“MSIF” or, together with its consolidated subsidiaries, “MSC Income Fund” or the “Company”) is a principal investment firm primarily focused on providing debt capital to middle market (“Middle Market”) companies and customized debt and equity financing to lower middle market (“LMM”) companies. MSC Income Fund’s portfolio investments are typically made to support leveraged buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSC Income Fund seeks to partner with private equity funds in its Private Loan (as defined below) and Middle Market investment strategies. MSC Income Fund invests primarily in secured debt investments of Middle Market companies generally headquartered in the United States and in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States. MSC Income Fund seeks to partner with entrepreneurs, business owners and management teams and generally provides “one-stop” financing alternatives within its LMM investment strategy.

MSIF was formed in November 2011 to operate as an externally managed business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). MSIF has elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, MSIF generally does not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

On October 28, 2020, MSIF’s stockholders approved the appointment of MSC Adviser I, LLC (the “Adviser”), which is wholly-owned by Main Street Capital Corporation (“Main Street”), a New York Stock Exchange listed BDC, as MSIF’s investment adviser and administrator under an Investment Advisory and Administrative Services Agreement dated October 30, 2020 (the “Investment Advisory Agreement”). In such role, the Adviser has the responsibility to manage the business of MSC Income Fund, including the responsibility to identify, evaluate, negotiate and structure prospective investments, make investment and portfolio management decisions, monitor MSC Income Fund’s investment portfolio and provide ongoing administrative services.

MSIF has certain direct and indirect wholly-owned subsidiaries that have elected to be taxable entities (the “Taxable Subsidiaries”). The primary purpose of the Taxable Subsidiaries is to permit MSIF to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes. MSIF also has certain direct and indirect wholly-owned subsidiaries formed for financing purposes (the “Structured Subsidiaries”).

Unless otherwise noted or the context otherwise indicates, the terms “we,” “us,” “our,” the “Company” and “MSC Income Fund” refer to MSIF and its consolidated subsidiaries, which include the Taxable Subsidiaries and the Structured Subsidiaries.

2. Basis of Presentation

MSC Income Fund’s consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, Financial Services—Investment Companies (“ASC 946”). For each of the periods presented herein, MSC Income Fund’s consolidated financial statements include the accounts of MSIF and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of MSC Income Fund’s investments in Private Loan portfolio companies, investments in LMM portfolio companies, investments in Middle Market portfolio companies and Other Portfolio investments (see *Note C — Fair Value Hierarchy for Investments — Portfolio Composition — Investment Portfolio Composition* for additional discussion of MSC Income Fund’s Investment Portfolio and definitions for the defined terms Private Loan and Other Portfolio). MSC Income Fund’s results of operations and cash flows for the years ended December 31, 2023, 2022 and 2021 and financial position as of December 31, 2023 and 2022, are presented on a consolidated basis. The effects of all intercompany transactions between MSIF and its consolidated subsidiaries have been eliminated in consolidation.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)*****Principles of Consolidation***

Under ASC 946, MSC Income Fund is precluded from consolidating other entities in which MSC Income Fund has equity investments, including those in which it has a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if MSC Income Fund holds a controlling interest in an operating company that provides all or substantially all of its services directly to MSC Income Fund. Accordingly, as noted above, MSC Income Fund's consolidated financial statements include the financial position and operating results for the Taxable Subsidiaries and the Structured Subsidiaries. MSC Income Fund has determined that none of its portfolio investments qualify for this exception. Therefore, MSC Income Fund's Investment Portfolio is carried on the Consolidated Balance Sheets at fair value, as discussed further in *Note B.1. — Summary of Significant Accounting Policies — Valuation of the Investment Portfolio*, with any adjustments to fair value recognized as "Net Unrealized Appreciation (Depreciation)" until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)," in both cases on the Consolidated Statements of Operations.

Portfolio Investment Classification

MSC Income Fund classifies its Investment Portfolio in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) "Control Investments" are defined as investments in which MSC Income Fund owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which MSC Income Fund owns between 5% and 25% (inclusive) of the voting securities and does not have rights to maintain greater than 50% of the board representation and (c) "Non-Control/Non-Affiliate Investments" are defined as investments that are neither Control Investments nor Affiliate Investments. For purposes of determining the classification of its Investment Portfolio, MSC Income Fund has excluded consideration of any voting securities or board appointment rights held by Main Street and third-party investment funds advised by the Adviser.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. Valuation of the Investment Portfolio**

MSC Income Fund accounts for its Investment Portfolio at fair value. As a result, MSC Income Fund follows the provisions of ASC 820 *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires MSC Income Fund to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

MSC Income Fund's portfolio strategy calls for it to invest primarily in debt securities issued by Middle Market companies and illiquid debt and equity securities issued by privately held, LMM companies. The Middle Market companies in which MSC Income Fund invests are generally larger in size than the LMM companies and their debt securities can be more liquid than the debt securities issued by LMM companies. MSC Income Fund categorizes some of its investments in Middle Market companies and LMM companies as Private Loan portfolio investments, which are primarily debt securities in privately held companies that have primarily been originated directly by our Adviser or, to a lesser extent, through our Adviser's strategic relationships with other investment funds on a collaborative basis through investments that are often referred to in the debt markets as "club deals" because of the small lender group size. In both cases, MSC Income Fund's Private Loan investments are typically made to support a company owned by or in the process of being acquired by a private equity sponsor. Private Loan investments are made in companies that are generally consistent with the size of companies MSC Income Fund invests in through its Middle Market portfolio and LMM portfolio. MSC Income Fund's portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for its Private Loan, LMM or Middle Market portfolio investments, including investments which may be managed by third parties. MSC Income Fund's portfolio investments may be subject to restrictions on resale.

Private Loan investments may include investments which have no established market or have established markets that are not active, while LMM investments and Other Portfolio investments generally have no established trading market. Middle Market portfolio investments generally have established markets that are not active. MSC Income Fund determines

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

in good faith the fair value of its Investment Portfolio pursuant to a valuation policy in accordance with ASC 820, with such valuation process approved by its Board of Directors and in accordance with the 1940 Act. MSC Income Fund's valuation policies and processes are intended to provide a consistent basis for determining the fair value of MSC Income Fund's Investment Portfolio.

For Private Loan and Middle Market portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, MSC Income Fund generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using the yield-to-maturity model ("Yield-to-Maturity") valuation method. For LMM portfolio investments, MSC Income Fund generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity investments and an income approach using a Yield-to-Maturity valuation method for its LMM debt investments. For Middle Market portfolio investments in debt securities for which it has determined that third-party quotes or other independent prices are available, MSC Income Fund primarily uses quoted prices in the valuation process. MSC Income Fund determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For its Other Portfolio equity investments, MSC Income Fund generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund and adjusts the fair value for other factors deemed relevant that would affect the fair value of the investment. All of the valuation approaches for MSC Income Fund's portfolio investments estimate the value of the investment as if MSC Income Fund was to sell, or exit, the investment as of the measurement date.

These valuation approaches consider the value associated with MSC Income Fund's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit. For valuation purposes, "control" portfolio investments are composed of debt and equity securities in companies for which MSC Income Fund has a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which MSC Income Fund does not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, MSC Income Fund estimates the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then performs a Waterfall calculation by allocating the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, privately held companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, MSC Income Fund analyzes various factors including the portfolio company's historical and projected financial results. Due to SEC deadlines for MSC Income Fund's quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in determining. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, MSC Income Fund also analyzes the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, MSC Income Fund allocates the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. In applying the Waterfall valuation method, MSC Income Fund assumes the loans are paid-off at the principal amount in a change in control transaction and are not assumed by the buyer, which MSC Income Fund believes is consistent with its past transaction history and standard industry practices.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

Under the Yield-to-Maturity valuation method, MSC Income Fund also uses the income approach to determine the fair value of debt securities based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of the portfolio company. MSC Income Fund's estimate of the expected repayment date of its debt securities is generally the maturity date of the instrument, as MSC Income Fund generally intends to hold its loans and debt securities to maturity. The Yield-to-Maturity analysis also considers changes in leverage levels, credit quality, portfolio company performance, changes in market-based interest rates and other factors. MSC Income Fund will generally use the value determined by the Yield-to-Maturity analysis as the fair value for that security; however, because of MSC Income Fund's general intent to hold its loans to maturity, the fair value will not exceed the principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that MSC Income Fund uses to estimate the fair value of its debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, MSC Income Fund may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, MSC Income Fund measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date and adjusts the investment's fair value for factors known to MSC Income Fund that would affect that fund's NAV, including, but not limited to, fair values for individual investments held by the fund if MSC Income Fund holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, MSC Income Fund considers whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of MSC Income Fund's investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding MSC Income Fund's ability to realize the full NAV of its interests in the investment fund.

Pursuant to its internal valuation process and the requirements under the 1940 Act, MSC Income Fund performs valuation procedures on each of its portfolio investments quarterly. In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan portfolio companies, MSC Income Fund, among other things, consults with a nationally recognized independent financial advisory services firm (the "Financial Advisory Firm"). The Financial Advisory Firm analyzes and provides observations and recommendations and an assurance certification regarding MSC Income Fund's determinations of the fair value of its Private Loan portfolio company investments. The Financial Advisory Firm is generally consulted relative to MSC Income Fund's investments in each Private Loan portfolio company at least once every calendar year, and for MSC Income Fund's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, MSC Income Fund may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the Financial Advisory Firm on its investments in one or more Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of MSC Income Fund's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. MSC Income Fund consulted with and received an assurance certification from the Financial Advisory Firm in arriving at its determination of fair value for its investments in a total of 55 and 51 Private Loan portfolio companies during the years ended December 31, 2023 and 2022, respectively, representing 79% and 83% of the total Private Loan portfolio at fair value as of December 31, 2023 and 2022, respectively. Excluding its investments in Private Loan portfolio companies that, as of December 31, 2023 and 2022, as applicable, had not been in the Investment Portfolio for at least twelve months subsequent to the initial investment and its investments in Private Loan portfolio companies that were not reviewed because the investment is valued based upon third-party quotes or other independent pricing, 90% and 94% of the Private Loan portfolio at fair value was reviewed and certified by the Financial Advisory Firm for the years ended December 31, 2023 and 2022, respectively.

For valuation purposes, all of MSC Income Fund's Private Loan portfolio investments are either non-control or affiliate investments. For Private Loan portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, MSC Income Fund generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Private Loan debt investments in a

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its LMM portfolio companies, MSC Income Fund, among other things, consults with the Financial Advisory Firm. The Financial Advisory Firm analyzes and provides observations, recommendations and an assurance certification regarding MSC Income Fund's determinations of the fair value of its LMM portfolio company investments. The Financial Advisory Firm is generally consulted relative to MSC Income Fund's investments in each LMM portfolio company at least once every calendar year, and for MSC Income Fund's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, MSC Income Fund may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the Financial Advisory Firm on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of MSC Income Fund's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. MSC Income Fund consulted with and received an assurance certification from the Financial Advisory Firm in arriving at MSC Income Fund's determination of fair value for its investments in a total of 46 and 44 LMM portfolio companies during the years ended December 31, 2023 and 2022, respectively, representing 95% and 97% of the total LMM portfolio at fair value as of December 31, 2023 and 2022, respectively. Excluding its investments in LMM portfolio companies that, as of December 31, 2023 and 2022, as applicable, had not been in the Investment Portfolio for at least twelve months subsequent to the initial investment or whose primary purpose is to own real estate for which a third-party appraisal is obtained on at least an annual basis, over 99% of the LMM portfolio at fair value was reviewed and certified by the Financial Advisory Firm for both of the years ended December 31, 2023 and December 31, 2022.

For valuation purposes, all of MSC Income Fund's Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, MSC Income Fund uses observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, MSC Income Fund generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method. MSC Income Fund generally consults on a limited basis with the Financial Advisory Firm in connection with determining the fair value of its Middle Market portfolio investments due to the nature of these investments. The vast majority (97% and 91% as of December 31, 2023 and 2022, respectively) of the Middle Market portfolio investments (i) are valued using third-party quotes or other independent pricing services or (ii) MSC Income Fund has consulted with and received an assurance certification from the Financial Advisory Firm within the last twelve months.

For valuation purposes, all of MSC Income Fund's Other Portfolio investments are non-control, affiliate or control investments. MSC Income Fund's Other Portfolio investments comprised 2.3% and 2.7% of MSC Income Fund's Investment Portfolio at fair value as of December 31, 2023 and 2022, respectively. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, MSC Income Fund generally determines the fair value of these investments using the NAV valuation method.

Due to the inherent uncertainty in the valuation process, MSC Income Fund's determination of fair value for its Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. MSC Income Fund determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

MSC Income Fund uses an internally developed portfolio investment rating system in connection with its investment oversight, portfolio management and analysis and investment valuation procedures for its Private Loan, LMM and Middle Market portfolio companies. This system takes into account both quantitative and qualitative factors of each Private Loan, LMM and Middle Market portfolio company.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

Rule 2a-5 under the 1940 Act permits a BDC's board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. MSC Income Fund's Board of Directors has approved policies and procedures pursuant to Rule 2a-5 (the "Valuation Procedures") and has designated the Adviser, led by a group of Main Street's and the Adviser's executive officers, to serve as the Board of Directors' valuation designee. MSC Income Fund believes its Investment Portfolio as of December 31, 2023 and 2022 approximates fair value as of those dates based on the markets in which it operates and other conditions in existence on those reporting dates.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates under different conditions or assumptions. Additionally, as explained in *Note B.1. — Summary of Significant Accounting Policies — Valuation of the Investment Portfolio*, the consolidated financial statements include investments in the Investment Portfolio whose values have been estimated by MSC Income Fund pursuant to valuation policies and procedures approved and overseen by MSC Income Fund's Board of Directors, in the absence of readily ascertainable market values. Because of the inherent uncertainty of the Investment Portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

Macroeconomic factors, including pandemics, risk of recession, inflation, supply chain constraints or disruptions, geopolitical disruptions and changing market index interest rates, and the related effect on the U.S. and global economies, have impacted, and may continue to impact, the businesses and operating results of certain of MSC Income Fund's portfolio companies. As a result of these and other current effects of macroeconomic factors, as well as the uncertainty regarding the extent and duration of their impact, the valuation of MSC Income Fund's Investment Portfolio has and may continue to experience increased volatility.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value. At December 31, 2023, the Company had \$20.8 million of cash equivalents invested in AAA-rated money market funds. These highly liquid, short-term investments are included in the Consolidated Schedule of Investments.

At December 31, 2023 and December 31, 2022, cash balances totaling \$9.0 million and \$11.7 million, respectively, exceeded Federal Deposit Insurance Corporation insurance protection levels, subjecting the Company to risk related to the uninsured balance.

4. Interest, Dividend and Fee Income

MSC Income Fund records interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded when dividends are declared by the portfolio company or at such other time that an obligation exists for the portfolio company to make a distribution. MSC Income Fund evaluates accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if MSC Income Fund otherwise does not expect the debtor to be able to service its debt obligation, MSC Income Fund will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt obligation, or if a loan or debt security is sold or written off, MSC Income Fund removes it from non-accrual status.

As of December 31, 2023, investments on non-accrual status comprised 1.1% of MSC Income Fund's total Investment Portfolio at fair value and 4.0% at cost. As of December 31, 2022, investments on non-accrual status comprised 0.8% of MSC Income Fund's total Investment Portfolio at fair value and 4.8% at cost.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

Interest income from investments in the “equity” class of security of collateralized loan obligation (“CLO”) funds (typically subordinated notes) is recorded based upon an estimation of an effective yield to expected maturity utilizing estimated projected cash flows in accordance with ASC 325-40, *Beneficial Interests in Securitized Financial Assets*. MSC Income Fund monitors the expected cash inflows from its investment in a CLO, including the expected residual payments, and the effective yield is determined and updated periodically.

MSC Income Fund holds certain debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind (“PIK”) interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in *Note B.7. — Summary of Significant Accounting Policies — Income Taxes* below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though MSC Income Fund may not have collected the PIK interest and cumulative dividends in cash. MSC Income Fund stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible. For the years ended December 31, 2023, 2022 and 2021, (i) 3.8%, 2.5% and 2.3%, respectively, of MSC Income Fund’s total investment income was attributable to PIK interest income not paid currently in cash and (ii) 0.1%, 0.6% and 0.3%, respectively, of MSC Income Fund’s total investment income was attributable to cumulative dividend income not paid currently in cash.

MSC Income Fund may periodically provide services, including structuring and advisory services, to its portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned. Fees received in connection with debt financing transactions are generally deferred and accreted into income over the life of the financing.

A presentation of total investment income MSC Income Fund received from its Investment Portfolio in each of the periods presented is as follows:

	Year Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Interest, fee and dividend income:			
Interest income	\$ 116,976	\$ 90,811	\$ 72,536
Dividend income	11,255	9,442	15,880
Fee income	3,155	3,512	1,712
Total interest, fee and dividend income	<u>\$ 131,386</u>	<u>\$ 103,765</u>	<u>\$ 90,128</u>

5. Deferred Financing Costs

Deferred financing costs include commitment fees and other direct costs incurred in connection with arranging MSC Income Fund’s borrowings. These costs were incurred in connection with MSC Income Fund’s multi-year revolving Credit Facilities (as defined below in *Note E — Debt*) and have been capitalized as an asset and reflected in the Consolidated Balance Sheets as Deferred financing costs. Deferred financing costs incurred in connection with the Series A Notes (as defined below in *Note E — Debt*) are a direct deduction from the principal amount outstanding.

6. Unearned Income — Debt Origination Fees and Original Issue Discount and Discounts / Premiums to Par Value

MSC Income Fund capitalizes debt origination fees received in connection with financings and reflects such fees as unearned income netted against the applicable debt investments. The unearned income from the fees is accreted into income over the life of the financing.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

In connection with its portfolio debt investments, MSC Income Fund sometimes receives nominal cost warrants or warrants with an exercise price below the fair value of the underlying equity (together, “nominal cost equity”) that are valued as part of the negotiation process with the particular portfolio company. When MSC Income Fund receives nominal cost equity, it allocates its cost basis in its investment between its debt security and its nominal cost equity at the time of origination based on amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the debt security. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the applicable debt investment, and accreted into interest income over the life of the debt investment. The actual collection of this interest is deferred until the time of debt principal repayment.

MSC Income Fund may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, MSC Income Fund records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income over the life of the debt investment. In the case of a purchase at a premium, MSC Income Fund records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income over the life of the debt investment.

To maintain RIC tax treatment (as discussed in *Note B.7. — Summary of Significant Accounting Policies — Income Taxes* below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though MSC Income Fund may not have collected the interest income. For the years ended December 31, 2023, 2022 and 2021, 2.5%, 2.5%, and 5.7%, respectively, of MSC Income Fund’s total investment income was attributable to interest income from the accretion of discounts associated with debt investments, net of any premium amortization.

7. Income Taxes

MSIF has elected to be treated for U.S. federal income tax purposes as a RIC. MSIF’s taxable income includes the taxable income generated by MSIF and certain of its subsidiaries, including the Structured Subsidiaries, which are treated as disregarded entities for tax purposes. As a RIC, MSIF generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSIF distributes to its stockholders. MSIF must generally distribute at least 90% of its “investment company taxable income” (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to twelve months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily hold certain equity investments for MSC Income Fund. The Taxable Subsidiaries permit MSC Income Fund to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes and to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with MSC Income Fund for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in MSC Income Fund’s consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSIF for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at corporate income tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in MSC Income Fund’s consolidated financial statements.

The Taxable Subsidiaries use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided, if necessary, against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. MSC Income Fund’s net assets as included on the

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

Consolidated Balance Sheets and Consolidated Statements of Changes in Net Assets include an adjustment to classification as a result of permanent book-to-tax differences, which include differences in the book and tax treatment of income and expenses.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

8. Net Realized Gains or Losses and Net Unrealized Appreciation or Depreciation

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net unrealized appreciation or depreciation reflects the net change in the fair value of the Investment Portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

9. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. MSC Income Fund believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, payables and other liabilities approximate the fair values of such items due to the short-term nature of these instruments.

To estimate the fair value of MSC Income Fund's Series A Notes as disclosed in *Note E — Debt*, MSC Income Fund uses the Yield-to-Maturity valuation method based on projections of the discounted future free cash flows that the debt security will likely generate, including both the discounted cash flows of the associated interest and principal amounts for the debt security. The inputs used to value MSC Income Fund's debt instrument are considered to be Level 2 according to the ASC 820 fair value hierarchy.

10. Earnings per Share

Net increase in net assets resulting from operations per share and net investment income per share are computed utilizing the weighted-average number of shares of common stock outstanding for the period.

11. Recently Issued or Adopted Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference rate reform (Topic 848) — Facilitation of the effects of reference rate reform on financial reporting*. The amendments in this update provide optional expedients and exceptions for applying U.S. GAAP to certain contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform and became effective upon issuance for all entities. The Company has agreements that have LIBOR as a reference rate with certain portfolio companies and also with certain lenders. Many of these agreements include language for choosing an alternative successor rate if LIBOR reference is no longer considered to be appropriate. Contract modifications are required to be evaluated in determining whether the modifications result in the establishment of new contracts or the continuation of existing contracts. The Company adopted this amendment in March 2020 and plans to apply the amendments in this update to account for contract modifications due to changes in reference rates when LIBOR reference is no longer used.

In November 2022, the FASB issued ASU 2022-06, *Reference rate reform (Topic 848) — Deferral of the Sunset Date of Topic 848*, which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024 after which entities will no longer be permitted to apply the relief in Topic 848. The Company utilized the optional expedients and exceptions provided by ASU 2020-04 and extended by ASU 2022-06 during the years ended December 31, 2023 and 2022, the effect of which was not material to the consolidated financial statements and the notes thereto. The Company will continue to utilize the optional expedients provided by ASU 2020-04 and extended by ASU 2022-06 through December 31,

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

2024. The Company does not expect ASU 2022-06 to have a material impact to the consolidated financial statements and the notes thereto.

In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in this update provide that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments in this update also require additional disclosures for equity securities subject to contractual sales restrictions. ASU 2022-03 is effective for years beginning after December 15, 2023, though early adoption is permitted. The Company elected to early adopt ASU 2022-03 as of December 31, 2022 and it did not have a material impact on the consolidated financial statements and the notes thereto.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*. The amendments in this update require more disaggregated information on income taxes paid. ASU 2023-09 is effective for years beginning after December 15, 2024. Early adoption is permitted; however, the Company has not elected to adopt this provision as of the date of the financial statements contained in this report. The Company is still assessing the impact of the new guidance. However, it does not expect ASU 2023-09 to have a material impact on the consolidated financial statements and the notes thereto.

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that are adopted by the Company as of the specified effective date. The Company believes that the impact of recently issued standards and any that are not yet effective will not have a material impact on its consolidated financial statements upon adoption.

NOTE C — FAIR VALUE HIERARCHY FOR INVESTMENTS—PORTFOLIO COMPOSITION

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. MSC Income Fund accounts for its investments at fair value.

Fair Value Hierarchy

In accordance with ASC 820, MSC Income Fund has categorized its investments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

Investments recorded on MSC Income Fund's Consolidated Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 — Investments whose values are based on unadjusted quoted prices for identical assets in an active market that MSC Income Fund has the ability to access (examples include investments in active exchange-traded equity securities and investments in most U.S. government and agency securities).

Level 2 — Investments whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets (for example, investments in restricted stock);
- Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);
- Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

- Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3 — Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by privately held companies). These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the investment.

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

As of December 31, 2023 and 2022, MSC Income Fund's Private Loan portfolio investments primarily consisted of investments in secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of MSC Income Fund's Private Loan portfolio investments were categorized as Level 3 as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, all of MSC Income Fund's LMM portfolio investments consisted of illiquid securities issued by privately held companies and the fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of MSC Income Fund's LMM portfolio investments were categorized as Level 3 as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, MSC Income Fund's Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of MSC Income Fund's Middle Market portfolio investments were categorized as Level 3 as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, MSC Income Fund's Other Portfolio investments consisted of illiquid securities issued by privately held entities and the fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of MSC Income Fund's Other Portfolio investments were categorized as Level 3 as of December 31, 2023 and 2022.

As of December 31, 2023, all money market funds included in cash and cash equivalents were valued using Level 1 inputs

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

- Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;
- Current and projected financial condition of the portfolio company;
- Current and projected ability of the portfolio company to service its debt obligations;
- Type and amount of collateral, if any, underlying the investment;
- Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio and net debt/ EBITDA ratio) applicable to the investment;

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

- Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);
- Pending debt or capital restructuring of the portfolio company;
- Projected operating results of the portfolio company;
- Current information regarding any offers to purchase the investment;
- Current ability of the portfolio company to raise any additional financing as needed;
- Changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant.

The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of MSC Income Fund's LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), are (i) EBITDA multiples and (ii) the weighted-average cost of capital ("WACC"). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of MSC Income Fund's Private Loan, LMM and Middle Market securities are (i) risk adjusted discount rates used in the Yield-to-Maturity valuation technique (see *Note B.1. — Summary of Significant Accounting Policies — Valuation of the Investment Portfolio*) and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation would result in a significantly higher (lower) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral and fair values as determined by independent third parties, which are not presented in the tables below.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

The following tables provide a summary of the significant unobservable inputs used to fair value MSC Income Fund's Level 3 portfolio investments as of December 31, 2023 and 2022:

Type of Investment	Fair Value as of December 31, 2023 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 254,770	Discounted cash flow	WACC	10.9% - 22.5%	14.4 %	15.5 %
		Market comparable / Enterprise value	EBITDA multiple (1)	4.9x - 9.2x (2)	7.3x	6.5x
Debt investments	\$ 777,003	Discounted cash flow	Risk adjusted discount factor (4)	9.8% - 16.8% (2)	13.1 %	12.8 %
			Expected principal recovery percentage	0.6% - 100.0%	99.6 %	100.0 %
Debt investments	\$ 61,122	Market approach	Third-party quote	4.5 - 99.2	85.0	89.5
Total Level 3 investments	\$ 1,092,895					

(1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.

(2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 2.0x - 15.7x and the range for risk adjusted discount factor is 8.0% - 27.3%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

(4) Discount rate includes the effect of the standard SOFR base rate, as applicable.

Type of Investment	Fair Value as of December 31, 2022 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 215,861	Discounted cash flow	WACC	10.4% - 22.5%	14.3 %	15.7 %
		Market comparable / Enterprise value	EBITDA multiple (1)	4.3x - 8.5x (2)	7.2x	6.4x
Debt investments	\$ 743,887	Discounted cash flow	Risk adjusted discount factor (4)	8.5% - 18.2% (2)	13.0 %	12.4 %
			Expected principal recovery percentage	0.7% - 100.0%	99.1 %	100.0 %
Debt investments	\$ 108,395	Market approach	Third-party quote	5.6 - 98.5	85.7	90.0
Total Level 3 investments	\$ 1,068,143					

(1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.

(2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 2.0x - 15.7x and the range for risk adjusted discount factor is 6.5% - 43.3%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

(4) Discount rate includes the effect of the standard LIBOR and SOFR base rate, as applicable.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

The following tables provide a summary of changes in fair value of MSC Income Fund's Level 3 portfolio investments for the years ended December 31, 2023 and 2022 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2022	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of December 31, 2023
Debt	\$ 852,282	\$ —	\$ (253,517)	\$ 230,663	\$ 33,078	\$ (5,467)	\$ (18,914)	\$ 838,125
Equity	214,687	—	(15,329)	16,377	923	17,352	20,019	254,029
Equity Warrant	1,174	—	(284)	523	284	149	(1,105)	741
	<u>\$ 1,068,143</u>	<u>\$ —</u>	<u>\$ (269,130)</u>	<u>\$ 247,563</u>	<u>\$ 34,285</u>	<u>\$ 12,034</u>	<u>\$ —</u>	<u>\$ 1,092,895</u>

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information in the Consolidated Statements of Cash Flows.

Type of Investment	Fair Value as of December 31, 2021	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of December 31, 2022
Debt	\$ 879,970	\$ —	\$ (205,481)	\$ 211,631	\$ 10,645	\$ (42,747)	\$ (1,736)	\$ 852,282
Equity	196,374	—	(22,234)	7,728	(7,037)	38,120	1,736	214,687
Equity Warrant	792	—	(45)	1,111	(305)	(379)	—	1,174
	<u>\$ 1,077,136</u>	<u>\$ —</u>	<u>\$ (227,760)</u>	<u>\$ 220,470</u>	<u>\$ 3,303</u>	<u>\$ (5,006)</u>	<u>\$ —</u>	<u>\$ 1,068,143</u>

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information in the Consolidated Statements of Cash Flows.

At December 31, 2023 and 2022, MSC Income Fund's investments at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

At December 31, 2023	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	(in thousands) Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Private Loan portfolio investments	\$ 595,326	\$ —	\$ —	\$ 595,326
LMM portfolio investments	386,956	—	—	386,956
Middle Market portfolio investments	85,990	—	—	85,990
Other Portfolio investments	24,623	—	—	24,623
Total investments	<u>\$ 1,092,895</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,092,895</u>

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

At December 31, 2022	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	(in thousands) Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Private Loan portfolio investments	\$ 559,763	\$ —	\$ —	\$ 559,763
LMM portfolio investments	352,661	—	—	352,661
Middle Market portfolio investments	126,744	—	—	126,744
Other Portfolio investments	28,975	—	—	28,975
Total investments	<u>\$ 1,068,143</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,068,143</u>

Investment Portfolio Composition

MSC Income Fund’s principal investment objective is to maximize its portfolio’s total return by generating current income from its debt investments and current income and capital appreciation from its equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. MSC Income Fund seeks to achieve its investment objective through its Private Loan, LMM and Middle Market investment strategies.

MSC Income Fund’s private loan (“Private Loan”) investment strategy is focused on investments in privately held companies that are generally consistent with the size of its LMM portfolio companies or Middle Market portfolio companies, and its Private Loan investments generally range in size from \$1 million to \$20 million. MSC Income Fund’s Private Loan investments primarily consist of debt securities that have primarily been originated directly by the Adviser or, to a lesser extent, through the Adviser’s strategic relationships with other investment funds on a collaborative basis through investments that are often referred to in the debt markets as “club deals” because of the small lender group size. In both cases, our Private Loan investments are typically made to support a company owned by or in the process of being acquired by a private equity sponsor. MSC Income Fund’s Private Loan portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date. MSC Income Fund may have the option to co-invest with Main Street and the private equity sponsor in the equity securities of its Private Loan portfolio companies.

MSC Income Fund’s LMM investment strategy is focused on investments in secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. MSC Income Fund’s LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$1 million to \$20 million. The LMM debt investments are typically secured by a first priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, MSC Income Fund receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

MSC Income Fund’s Middle Market investment strategy is focused on investments in syndicated loans to or debt securities in Middle Market companies, which MSC Income Fund defines as companies with annual revenues between \$150 million and \$1.5 billion, and its Middle Market investments generally range in size from \$1 million to \$20 million. MSC Income Fund’s Middle Market portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

MSC Income Fund’s other portfolio (“Other Portfolio”) investments primarily consist of investments that are not consistent with the typical profiles for its Private Loan, LMM or Middle Market portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, MSC Income Fund may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds. For Other Portfolio investments, MSC Income Fund generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten-year period.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could also be highly concentrated among several portfolio companies. For the years ended December 31, 2023, 2022 and 2021, MSC Income Fund did not record investment income from any single portfolio company in excess of 10% of total investment income.

The following tables provide a summary of MSC Income Fund's investments in the Private Loan, LMM and Middle Market portfolios as of December 31, 2023 and 2022 (this information excludes Other Portfolio investments, which are discussed further below):

	As of December 31, 2023					
	Private Loan		LMM (a)		Middle Market	
	(dollars in millions)					
Number of portfolio companies	78		50		16	
Fair value	\$	595.3	\$	387.0	\$	86.0
Cost	\$	586.4	\$	315.7	\$	114.7
Debt investments as a % of portfolio (at cost)	94.1 %		70.2 %		93.1 %	
Equity investments as a % of portfolio (at cost)	5.9 %		29.8 %		6.9 %	
% of debt investments at cost secured by first priority lien	100.0 %		99.9 %		100.0 %	
Weighted-average annual effective yield (b)	13.1 %		13.0 %		13.0 %	
Average EBITDA (c)	\$	30.5	\$	8.8	\$	74.2

- (a) At December 31, 2023, MSC Income Fund had equity ownership in all of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2023, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on MSC Income Fund's debt portfolio as of December 31, 2023 including debt investments on non-accrual status was 12.6% for its Private Loan portfolio, 13.0% for its LMM portfolio and 9.9% for its Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of MSC Income Fund's common stock will realize on its investment because it does not reflect MSC Income Fund's utilization of debt capital in its capital structure, MSC Income Fund's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude one Private Loan portfolio company, as EBITDA is not a meaningful valuation metric for MSC Income Fund's investment in this portfolio company and those portfolio companies whose primary purpose is to own real estate.

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)

	As of December 31, 2022					
	Private Loan		LMM (a)		Middle Market	
	(dollars in millions)					
Number of portfolio companies	70		48		21	
Fair value	\$	559.8	\$	352.7	\$	126.7
Cost	\$	563.0	\$	312.5	\$	159.7
Debt investments as a % of portfolio (at cost)	96.2 %		73.2 %		95.0 %	
Equity investments as a % of portfolio (at cost)	3.8 %		26.8 %		5.0 %	
% of debt investments at cost secured by first priority lien	99.4 %		99.9 %		98.5 %	
Weighted-average annual effective yield (b)	11.8 %		12.1 %		11.3 %	
Average EBITDA (c)	\$	36.8	\$	8.6	\$	79.2

- (a) At December 31, 2022, MSC Income Fund had equity ownership in all of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2022, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on MSC Income Fund's debt portfolio as of December 31, 2022 including debt investments on non-accrual status was 11.4% for its Private Loan portfolio, 11.7% for its LMM portfolio and 9.7% for its Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of MSC Income Fund's common stock will realize on its investment because it does not reflect MSC Income Fund's utilization of debt capital in its capital structure, MSC Income Fund's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including one Private Loan portfolio company, as EBITDA is not a meaningful valuation metric for MSC Income Fund's investment in this portfolio company, and those portfolio companies whose primary purpose is to own real estate.

For the years ended December 31, 2023 and 2022, MSC Income Fund achieved a total return on investments of 3.6% and 9.1%, respectively. Total return on investments is calculated using the interest, dividend and fee income, as well as the realized and unrealized change in fair value of the Investment Portfolio for the specified period. MSC Income Fund's total return on investments is not reflective of what an investor in shares of MSC Income Fund's common stock will realize on its investment because it does not reflect MSC Income Fund's utilization of debt capital in its capital structure, MSC Income Fund's expenses or any sales load paid by an investor.

As of December 31, 2023, MSC Income Fund had Other Portfolio investments in four entities, collectively totaling \$24.6 million in fair value and \$21.5 million in cost basis and which comprised 2.3% and 2.1% of MSC Income Fund's Investment Portfolio at fair value and cost, respectively. As of December 31, 2022, MSC Income Fund had Other Portfolio investments in four entities, collectively totaling \$29.0 million in fair value and \$24.7 million in cost basis and which comprised 2.7% and 2.3% of MSC Income Fund's Investment Portfolio at fair value and cost, respectively.

The following tables summarize the composition of MSC Income Fund's total combined Private Loan, LMM and Middle Market portfolio investments at cost and fair value by type of investment as a percentage of the total combined

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

Private Loan, LMM and Middle Market portfolio investments, as of December 31, 2023 and 2022 (this information excludes Other Portfolio investments).

Cost:	December 31, 2023	December 31, 2022
First lien debt	86.5 %	88.5 %
Equity	13.3	10.8
Second lien debt	—	0.3
Equity warrants	0.2	0.2
Other	—	0.2
	<u>100.0 %</u>	<u>100.0 %</u>
Fair Value:	December 31, 2023	December 31, 2022
First lien debt	78.4 %	81.4 %
Equity	21.5	17.9
Second lien debt	—	0.3
Equity warrants	0.1	0.1
Other	—	0.3
	<u>100.0 %</u>	<u>100.0 %</u>

The following tables summarize the composition of MSC Income Fund's total combined Private Loan, LMM and Middle Market portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined Private Loan, LMM and Middle Market portfolio investments, as of December 31, 2023 and 2022 (this information excludes Other Portfolio investments). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

Cost:	December 31, 2023	December 31, 2022
Southwest	23.8 %	22.2 %
Northeast	21.9	20.3
Southeast	17.8	17.8
Midwest	17.6	15.1
West	17.0	22.9
Canada	0.8	0.8
Other Non-United States	1.1	0.9
	<u>100.0 %</u>	<u>100.0 %</u>
Fair Value:	December 31, 2023	December 31, 2022
Southwest	26.8 %	25.3 %
Northeast	21.6	20.3
Midwest	18.3	15.9
West	16.4	21.1
Southeast	15.0	15.2
Canada	0.8	1.2
Other Non-United States	1.1	1.0
	<u>100.0 %</u>	<u>100.0 %</u>

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)

MSC Income Fund's Private Loan, LMM and Middle Market portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of MSC Income Fund's total combined Private Loan, LMM and Middle Market portfolio investments by industry at cost and fair value as of December 31, 2023 and 2022 (this information excludes Other Portfolio investments).

Cost:	December 31, 2023	December 31, 2022
Internet Software & Services	8.8 %	7.8 %
Commercial Services & Supplies	8.5	11.3
Health Care Providers & Services	6.5	4.9
Machinery	6.0	5.9
Professional Services	5.7	3.7
Diversified Consumer Services	5.4	4.7
IT Services	5.2	4.9
Distributors	4.4	5.0
Containers & Packaging	4.3	3.4
Leisure Equipment & Products	3.7	3.7
Textiles, Apparel & Luxury Goods	3.1	2.0
Computers & Peripherals	2.9	1.9
Specialty Retail	2.7	4.0
Communications Equipment	2.7	3.5
Aerospace & Defense	2.6	3.6
Media	2.5	2.4
Construction & Engineering	2.5	2.5
Electrical Equipment	2.2	1.8
Building Products	2.1	2.4
Hotels, Restaurants & Leisure	2.1	2.0
Diversified Financial Services	2.1	1.7
Household Products	2.0	1.5
Internet & Catalog Retail	1.6	1.3
Food & Staples Retailing	1.5	0.9
Software	1.4	1.3
Health Care Equipment & Supplies	1.3	1.2
Food Products	0.9	1.1
Energy Equipment & Services	0.5	1.2
Diversified Telecommunication Services	0.1	3.4
Other (1)	4.7	5.0
	100.0 %	100.0 %

(1) Includes various industries with each industry individually less than 1.0% of the total combined Private Loan, LMM and Middle Market portfolio investments at each date.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

Fair Value:	December 31, 2023	December 31, 2022
Machinery	7.4 %	7.5 %
Commercial Services & Supplies	7.3	10.3
Internet Software & Services	7.3	6.7
Diversified Consumer Services	6.5	5.9
Health Care Providers & Services	6.0	4.6
Professional Services	5.5	2.8
IT Services	5.0	4.7
Distributors	4.6	5.5
Computers & Peripherals	4.6	2.8
Containers & Packaging	4.6	3.8
Leisure Equipment & Products	3.3	3.7
Construction & Engineering	3.1	2.9
Textiles, Apparel & Luxury Goods	2.9	2.0
Specialty Retail	2.7	3.1
Media	2.6	2.6
Aerospace & Defense	2.5	3.5
Electrical Equipment	2.3	1.9
Construction Materials	2.2	2.1
Diversified Financial Services	2.0	1.8
Building Products	1.9	2.5
Household Products	1.9	1.3
Software	1.7	1.7
Air Freight & Logistics	1.6	1.2
Hotels, Restaurants & Leisure	1.6	1.5
Internet & Catalog Retail	1.5	1.9
Food & Staples Retailing	1.2	0.8
Communications Equipment	1.1	1.3
Energy Equipment & Services	0.3	1.0
Diversified Telecommunication Services	0.1	3.6
Other (1)	4.7	5.0
	100.0 %	100.0 %

(1) Includes various industries with each industry individually less than 1.0% of the total combined Private Loan, LMM and Middle Market portfolio investments at each date.

At December 31, 2023 and 2022, MSC Income Fund had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

Unconsolidated Significant Subsidiaries

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, MSC Income Fund must determine which of its unconsolidated controlled portfolio companies, if any, are considered “significant subsidiaries.” In evaluating its unconsolidated controlled portfolio companies in accordance with Regulation S-X, there are two tests that MSC Income Fund must utilize to determine if any of MSC Income Fund’s Control Investments (as defined in *Note A — Organization and Basis of Presentation*, including those unconsolidated portfolio companies defined as Control Investments in which MSC Income Fund does not own greater than 50% of the voting securities nor have rights to maintain greater than 50% of the board representation) are considered significant subsidiaries: the investment test and the income test. The investment

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

test is generally measured by dividing MSC Income Fund's investment in the Control Investment by the value of MSC Income Fund's total investments. The income test is generally measured by dividing the absolute value of the combined sum of total investment income, net realized gain (loss) and net unrealized appreciation (depreciation) from the relevant Control Investment for the period being tested by the absolute value of MSC Income Fund's change in net assets resulting from operations for the same period. Rules 3-09 and 4-08(g) of Regulation S-X require MSC Income Fund to include (1) separate audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which MSC Income Fund owns greater than 50% of the voting securities) in an annual report and (2) summarized financial information of a Control Investment in a quarterly report, respectively, if certain thresholds of the investment or income tests are exceeded and the unconsolidated portfolio company qualifies as a significant subsidiary.

As of December 31, 2023, 2022 and 2021, MSC Income Fund had no single investment that qualified as a significant subsidiary under either the investment or income tests.

NOTE D — INVESTMENT IN SIGNAL PEAK CLO 7, LTD.

On December 16, 2021, MSC Income Fund sold its entire position in the Signal Peak CLO 7, Ltd., a limited liability company which invested primarily in broadly-syndicated loans, for \$17.4 million, resulting in a realized loss of \$3.7 million. For the year December 31, 2021, MSC Income Fund recognized \$2.2 million of interest income in respect of its investment in Signal Peak CLO.

NOTE E — DEBT

Summary of MSC Income Fund's debt as of December 31, 2023 is as follows:

	Outstanding Balance	Unamortized Debt Issuance Costs ⁽¹⁾	Recorded Value	Estimated Fair Value ⁽²⁾
	(dollars in thousands)			
SPV Facility	\$ 203,688	\$ —	\$ 203,688	\$ 203,688
Series A Notes	150,000	(845)	149,155	141,531
Corporate Facility	132,000	—	132,000	132,000
Total Debt	<u>\$ 485,688</u>	<u>\$ (845)</u>	<u>\$ 484,843</u>	<u>\$ 477,219</u>

(1) The unamortized debt issuance costs for the Credit Facilities are reflected as Deferred financing costs on the Consolidated Balance Sheets, while the deferred debt issuance costs related to the Series A Notes are reflected as a contra-liability to the Series A Notes on the Consolidated Balance Sheets.

(2) Estimated fair value for outstanding debt if MSC Income Fund had adopted the fair value option under ASC 825. See discussion of the methods used to estimate the fair value of MSC Income Fund's debt in *Note B.9. — Summary of Significant Accounting Policies — Fair Value of Financial Instruments*

Summary of MSC Income Fund's debt as of December 31, 2022 is as follows:

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

	Outstanding Balance	Unamortized Debt Issuance Costs ⁽¹⁾	Recorded Value	Estimated Fair Value ⁽²⁾
	(dollars in thousands)			
SPV Facility	\$ 223,688	\$ —	\$ 223,688	\$ 223,688
Series A Notes	150,000	(1,144)	148,856	132,955
Corporate Facility	98,000	—	98,000	98,000
Total Debt	<u>\$ 471,688</u>	<u>\$ (1,144)</u>	<u>\$ 470,544</u>	<u>\$ 454,643</u>

(1) The unamortized debt issuance costs for the Credit Facilities are reflected as Deferred financing costs on the Consolidated Balance Sheets, while the deferred debt issuance costs related to the Series A Notes are reflected as a contra-liability to the Series A Notes on the Consolidated Balance Sheets.

(2) Estimated fair value for outstanding debt if MSC Income Fund had adopted the fair value option under ASC 825. See discussion of the methods used to estimate the fair value of MSC Income Fund's debt in *Note B.9. — Summary of Significant Accounting Policies — Fair Value of Financial Instruments*

Summarized interest expense for the years ended December 31, 2023, 2022 and 2021 is as follows:

	Year Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
SPV Facility	\$ 22,184	\$ 13,856	\$ 8,255
Series A Notes	6,358	6,167	653
Corporate Facility	7,916	4,400	2,681
Deutsche Bank Credit Facility ⁽¹⁾	—	—	1,045
Main Street Term Loan ⁽²⁾	—	—	1,835
Total Interest Expense	<u>\$ 36,458</u>	<u>\$ 24,423</u>	<u>\$ 14,469</u>

(1) Deutsche Bank Credit Facility was fully repaid and extinguished on February 3, 2021.

(2) Main Street Term Loan was fully repaid and extinguished on October 22, 2021.

Corporate Facility

MSC Income Fund is a party to a senior secured revolving credit agreement dated March 6, 2017 (as amended, the "Corporate Facility") with EverBank (formerly known as TIAA Bank), as administrative agent, and with EverBank and other financial institutions as lenders. As of December 31, 2023, the Corporate Facility included (i) total commitments of \$165.0 million, (ii) an accordion feature with the right to request an increase in commitments under the facility from new and existing lenders on the same terms and conditions as the existing commitments up to \$200.0 million of total commitments and (iii) a revolving period and maturity date to September 1, 2025 and March 1, 2026, respectively, with two, one-year extension options subject to lender approval.

Borrowings under the Corporate Facility bear interest, subject to MSC Income Fund's election, on a per annum basis at a rate equal to (i) SOFR plus 2.50% or (ii) the base rate plus 1.40%. The base rate is defined as the higher of (a) the Prime rate, (b) the Federal Funds Rate (as defined in the credit agreement) plus 0.5% or (c) SOFR plus 1.1%. Additionally, MSC Income Fund pays an annual unused commitment fee of 0.30% per annum on the unused lender commitments if more than 50% or more of the lender commitments are being used and an annual unused commitment fee of 0.625% per annum on the unused lender commitments if less than 50% of the lender commitments are being used. Borrowings under the Corporate Facility are secured by a first lien on all of the assets of MSIF and its subsidiaries, excluding the assets of

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

Structured Subsidiaries or immaterial subsidiaries, as well as all of the assets, and a pledge of equity ownership interests, of any future subsidiaries of MSIF (other than Structured Subsidiaries or immaterial subsidiaries). In connection with the Corporate Facility, MSIF has made customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities. Effective April 27, 2023, the reference rate under the Corporate Facility was amended from LIBOR to SOFR plus an applicable credit spread adjustment of 0.10%.

As of December 31, 2023, the interest rate on the Corporate Facility was 7.84%. The average interest rate for borrowings under the Corporate Facility was 7.54% and 4.11% for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, MSC Income Fund was in compliance with all financial covenants of the Corporate Facility.

SPV Facility

MSIF Funding LLC (“MSIF Funding”), a wholly-owned Structured Subsidiary that primarily holds originated loan investments, is party to a senior secured revolving credit facility dated February 3, 2021 (as amended, the “SPV Facility” and, together with the Corporate Facility, the “Credit Facilities”) with JPMorgan Chase Bank, National Association (“JPM”), as administrative agent, and U.S. Bank, N.A., as collateral agent and collateral administrator, JPM and other financial institutions as lenders and MSIF as portfolio manager. In August 2023, the SPV facility was amended to extend the revolving period expiration date from February 3, 2024 to February 3, 2027 and the maturity date from February 3, 2025 to February 3, 2028. Additionally, total commitments were reduced from \$325.0 million to \$300.0 million. Advances under the SPV Facility bear interest at a per annum rate equal to the three month SOFR in effect, plus the applicable margin of 3.00%. MSIF Funding also pays a commitment fee of 0.75% per annum on the average daily unused amount of the financing commitments until February 2, 2027. As of December 31, 2023, the SPV Facility included total commitments of \$300.0 million and an accordion feature, with the right to request an increase of total commitments and borrowing availability up to \$450.0 million. The SPV Facility is secured by a collateral loan on the assets of MSIF Funding. In connection with the SPV Facility, MSIF Funding has made customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities.

As of December 31, 2023, the interest rate on the SPV Facility was 8.39%. The average interest rate for borrowings under the SPV Facility was 8.09% and 4.71% for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, MSIF Funding was in compliance with all financial covenants of the SPV Facility.

Series A Notes

Pursuant to a Master Note Purchase Agreement dated October 21, 2021 (the “Note Purchase Agreement”), MSC Income Fund issued \$7.5 million of 4.04% Series A Senior Notes due 2026 (the “Series A Notes”) upon entering into the Note Purchase Agreement and an additional \$72.5 million on January 21, 2022. The Series A Notes bear a fixed interest rate of 4.04% per year and will mature on October 30, 2026, unless redeemed, purchased or prepaid prior to such date by the Company in accordance with their terms.

Interest on the Series A Notes is due semiannually on April 30 and October 30 each year, beginning on April 30, 2022. The Series A Notes may be redeemed in whole or in part at any time or from time to time at MSC Income Fund’s option at par plus accrued interest to the prepayment date and, if applicable, a make-whole premium. In addition, MSC Income Fund is obligated to offer to prepay the Series A Notes at par plus accrued and unpaid interest up to, but excluding, the date of prepayment, if certain change in control events occur. In the event that a Below Investment Grade Event (as defined in the Note Purchase Agreement) occurs, the Series A Notes will bear interest at a fixed rate of 5.04% per year from the date of the occurrence of the Below Investment Grade Event to and until the date on which the Below Investment Grade Event ends. The Series A Notes are general unsecured obligations of MSIF that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by MSIF.

The Note Purchase Agreement also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under other indebtedness of MSIF or subsidiary guarantors subject to a cure pass-through, certain judgments and

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

orders and certain events of bankruptcy. As of December 31, 2023, MSC Income Fund was in compliance with all financial covenants of the Note Purchase Agreement.

Main Street Term Loan

On January 27, 2021, the Company entered into a term loan agreement (the “Main Street Term Loan”) with Main Street, which initially provided up to an aggregate principal amount of \$40.0 million in borrowings. The Company paid a 1.0% upfront fee to Main Street on the closing date. On July 27, 2021, the Company entered into an amendment to the Main Street Term Loan that allowed the Company to draw an additional \$20.0 million, with another \$15.0 million available to be drawn in two separate \$7.5 million tranches (each a “Delayed Draw Term Loan”) at a later date.

Borrowings under the Main Street Term Loan were expressly subordinated and junior in right of payment to all secured indebtedness of the Company. On October 22, 2021, in connection with the issuance of the Series A Notes (discussed above), the Company fully repaid all borrowings outstanding under the Main Street Term Loan, and the Main Street Term Loan was extinguished. As a result, the Company recorded a loss on the extinguishment of debt in the amount of \$0.3 million, which represented the write-off of the unamortized deferred financing fees related to the Main Street Term Loan.

Deutsche Bank Credit Facility

On May 18, 2015, HMS Funding I LLC (“HMS Funding”), a wholly-owned Structured Subsidiary, entered into an amended and restated credit agreement (as amended, the “Deutsche Bank Credit Facility”) among HMS Funding, as borrower, MSC Income Fund, as equity holder and as servicer, Deutsche Bank AG, New York Branch (“Deutsche Bank”), as administrative agent, the financial institutions party thereto as lenders (together with Deutsche Bank, the “HMS Funding Lenders”), and U.S. Bank National Association, as collateral agent and collateral custodian. On February 3, 2021, the total amount outstanding on the facility under the Deutsche Bank Credit Facility was fully repaid. As a result, MSC Income Fund recorded a loss on the extinguishment of debt in the amount of \$2.1 million, which represented the write-off of the unamortized deferred financing fees related to the Deutsche Bank Credit Facility.

For the year ended December 31, 2021, the average interest rate for borrowings under the Deutsche Bank Credit Facility, excluding amortization of deferred financing costs was 2.93% per annum.

A summary of the Company’s contractual payment obligations for the repayment of outstanding indebtedness at December 31, 2023 is as follows:

	2024	2025	2026	2027	2028	Thereafter	Total
	(dollars in thousands)						
SPV Facility ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ 203,688	\$ —	\$ 203,688
Series A Notes ⁽²⁾	—	—	150,000	—	—	—	150,000
Corporate Facility ⁽³⁾	—	—	132,000	—	—	—	132,000
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 282,000</u>	<u>\$ —</u>	<u>\$ 203,688</u>	<u>\$ —</u>	<u>\$ 485,688</u>

- (1) At December 31, 2023, MSIF Funding had \$96.3 million of undrawn lender commitments under the SPV Facility; however, MSIF Funding’s borrowing ability is limited by leverage and borrowing base restrictions imposed by the SPV Facility and the 1940 Act, as discussed above.
- (2) MSC Income Fund issued \$77.5 million of Series A Notes upon entering into the Note Purchase Agreement on October 22, 2021 and an additional \$2.5 million on January 21, 2022.
- (3) At December 31, 2023, MSC Income Fund had \$33.0 million of undrawn lender commitments under the Corporate Facility; however, MSC Income Fund’s borrowing ability is limited by leverage and borrowing base restrictions imposed by the Corporate Facility and the 1940 Act, as discussed above.

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)
NOTE F — FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights of MSC Income Fund for the years ended December 31, 2023, 2022, 2021, 2020 and 2019:

Per Share Data:	Year Ended December 31,				
	2023	2022	2021	2020	2019
NAV at the beginning of the period	\$ 7.61	\$ 7.68	\$ 7.28	\$ 7.77	\$ 7.96
Net investment income (1)(6)	0.72	0.66	0.67	0.59	0.71
Net realized loss (1)(2)	(0.42)	(0.05)	(0.04)	(0.66)	(0.23)
Net unrealized appreciation (depreciation) (1)(2)	0.58	(0.02)	0.31	(0.03)	0.04
Income tax provision (1)(2)	(0.05)	(0.02)	(0.02)	(0.02)	(0.01)
Net increase (decrease) in net assets resulting from operations (1)	0.83	0.57	0.92	(0.12)	0.51
Dividends paid from net investment income	(0.70)	(0.65)	(0.53)	(0.35)	(0.68)
Dividends paid from capital gains	—	—	—	—	(0.02)
Dividends paid or accrued (3)	(0.70)	(0.65)	(0.53)	(0.35)	(0.70)
Accretive effect of stock repurchases (repurchasing shares below NAV) (4)	0.03	—	—	—	—
Other (5)(6)	—	0.01	0.01	(0.02)	—
NAV at the end of the period	\$ 7.77	\$ 7.61	\$ 7.68	\$ 7.28	\$ 7.77
Shares outstanding at the end of the period	80,108,865	80,105,999	79,826,605	79,608,304	78,463,377

(1) Based on weighted-average number of common shares outstanding for the period.

(2) Net realized gains or losses, net unrealized appreciation or depreciation and income tax provision or benefit can fluctuate significantly from period to period.

(3) Represents stockholder dividends paid or accrued for the period.

(4) Shares repurchased in connection with the modified Dutch auction tender offers. See *Note H — Share Repurchases* for additional information.

(5) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

(6) Reclassifications have been made to certain prior year per share data. The 2020 “Other” and 2019 “Net investment income” per share amounts have been adjusted to reflect the income tax provision effect separately rather than as a component of these values.

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)

	Year Ended December 31,									
	2023		2022		2021		2020		2019	
	(dollars in thousands)									
NAV at end of period	\$	622,307	\$	609,665	\$	613,170	\$	579,624	\$	609,305
Average NAV	\$	613,525	\$	611,214	\$	593,440	\$	557,382	\$	622,708
Average outstanding debt	\$	487,271	\$	494,957	\$	321,973	\$	386,084	\$	474,000
Ratio of total expenses, including income tax expense, to average NAV(1)(2)(4)	12.63	%	8.60	%	6.51	%	7.38	%	9.11	%
Ratio of operating expenses to average NAV(2)(4)	12.02	%	8.33	%	6.20	%	7.16	%	9.11	%
Ratio of operating expenses, excluding interest expense, to average NAV(2)(4)	6.07	%	4.33	%	3.76	%	4.07	%	4.86	%
Ratio of operating expenses, excluding interest expense and incentive fees, to average NAV(2)(4)	4.02	%	3.98	%	3.66	%	4.07	%	4.22	%
Ratio of net investment income to average NAV(4)	9.40	%	8.65	%	8.99	%	8.40	%	8.84	%
Portfolio turnover ratio	21.82	%	18.92	%	35.39	%	8.93	%	33.30	%
Total return based on change in NAV(3)(4)	10.86	%	7.43	%	12.71	%	(1.80)	%	6.41	%

- (1) Total expenses are the sum of operating expenses and net income tax provision or benefit. Net income tax provision or benefit includes the accrual of net deferred tax provision or benefit relating to the net unrealized appreciation or depreciation on portfolio investments held in the Taxable Subsidiaries and due to the change in the loss carryforwards, which are non-cash in nature and may vary significantly from period to period. MSC Income Fund is required to include net deferred tax provision or benefit in calculating its total expenses even though these net deferred taxes are not currently payable or receivable.
- (2) Unless otherwise noted, operating expenses include interest, management fees, incentive fees and general and administrative expenses.
- (3) Total return is calculated based on the change in NAV per share and stockholder distributions declared per share during the reporting period, divided by the NAV per share at the beginning of the period. The total return does not reflect the sales load from the sale of MSC Income Fund's common stock.
- (4) Net of expense waivers of \$8.3 million, \$4.5 million, \$4.3 million, \$3.6 million and \$3.1 million in 2023, 2022, 2021, 2020 and 2019, respectively. Excluding these expense waivers, the expense and income ratios are as follows:

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	13.98 %	9.33 %	7.24 %	8.11 %	9.84 %
Ratio of operating expenses to average NAV(2)	13.37 %	9.06 %	6.92 %	7.89 %	9.84 %
Ratio of operating expenses, excluding interest expense, to average NAV(2)	7.43 %	5.07 %	4.49 %	4.80 %	5.58 %
Ratio of operating expenses, excluding interest expense and incentive fees, to average NAV(2)	5.38 %	4.72 %	4.39 %	4.80 %	4.95 %
Ratio of net investment income to average NAV	8.05 %	7.90 %	8.26 %	7.67 %	8.11 %
Total return based on change in NAV(3)	9.50 %	6.69 %	11.98 %	(2.20)%	5.85 %

See footnotes (1), (2), (3) and (4) immediately prior to this table.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

NOTE G — DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

MSC Income Fund currently pays quarterly dividends to its stockholders. Future quarterly dividends, if any, will be determined by its Board of Directors on a quarterly basis. MSC Income Fund paid or accrued dividends to its common stockholders of \$56.1 million, or \$0.700 per share, during the year ended December 31, 2023, compared to \$51.6 million, or \$0.645 per share, during the year ended December 31, 2022. For tax purposes, the 2023 dividends, which included the effects of dividends on an accrual basis, totaled \$56.1 million, or \$0.700 per share, and were comprised of (i) ordinary income totaling \$0.596 per share and (ii) qualified dividend income totaling \$0.104 per share. As of December 31, 2023, MSC Income Fund estimates that it has generated undistributed taxable income of \$14.7 million, or \$0.18 per share, that will be carried forward toward distributions to be paid in 2024.

MSIF has elected to be treated for U.S. federal income tax purposes as a RIC. MSIF's taxable income includes the taxable income generated by MSIF and certain of its subsidiaries, including the Structured Subsidiaries, which are treated as disregarded entities for tax purposes. As a RIC, MSIF generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSIF distributes to its stockholders. MSIF must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to twelve months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The determination of the tax attributes for MSC Income Fund's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate (plus a 3.8% Medicare surtax, if applicable) on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and qualified dividends, but may also include either one or both of capital gains and return of capital.

The tax character of distributions paid for the years ended December 31, 2023, 2022 and 2021 was as follows:

	Year Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Ordinary income (1)	\$ 47,756	\$ 61,854	\$ 29,797
Qualified dividends	8,301	1,727	92
Distributions on tax basis	\$ 56,057	\$ 63,581	\$ 29,889

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

Listed below is a reconciliation of “Net increase in net assets resulting from operations” to taxable income and to total distributions declared to common stockholders for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,		
	2023	2022	2021
	(estimated, dollars in thousands)		
Net increase in net assets resulting from operations	\$ 66,209	\$ 45,588	\$ 73,636
Net unrealized (appreciation) depreciation	(46,319)	1,702	(25,095)
Income tax provision	3,769	1,643	1,890
Pre-tax book (income) loss not consolidated for tax purposes	4,241	(9,748)	(17,640)
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	22,228	9,820	3,171
Estimated taxable income (1)	50,128	49,005	35,962
Taxable income earned in prior year and carried forward for distribution in current year	20,674	23,276	29,173
Taxable income earned prior to period end and carried forward for distribution next period	(28,764)	(33,491)	(35,250)
Dividend accrued as of period end and paid in the following period	14,019	12,817	11,974
Taxable income earned to be carried forward	(14,745)	(20,674)	(23,276)
Total distributions accrued or paid to common stockholders	\$ 56,057	\$ 51,607	\$ 41,859

(1) MSIF’s taxable income for each period is an estimate and will not be finally determined until MSIF files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries primarily hold certain equity investments for MSC Income Fund. The Taxable Subsidiaries permit MSC Income Fund to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes and to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with MSIF for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in MSC Income Fund’s consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSIF for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at corporate income tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in MSC Income Fund’s consolidated financial statements.

The income tax provision for MSC Income Fund is generally composed of (i) deferred tax expense (benefit), which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation or depreciation, changes in valuation allowance and other temporary book tax differences, and (ii) current tax expense, which is primarily the result of current U.S. federal income and state taxes and excise taxes on MSC Income Fund’s estimated undistributed taxable income. The income tax expense, or benefit, and the related tax assets and liabilities generated by the Taxable Subsidiaries, if any, are reflected in MSC Income Fund’s Consolidated Statements of Operations. MSC Income Fund’s provision for income taxes was comprised of the following for the years ended December 31, 2023, 2022 and 2021:

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)

	Year Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Current tax expense:			
Federal	\$ 13	\$ 33	\$ —
State	340	495	495
Excise	519	753	1,395
Total current tax expense	872	1,281	1,890
Deferred tax expense (benefit):			
Federal	3,450	351	—
State	(553)	11	—
Total deferred tax expense	2,897	362	—
Total income tax provision	\$ 3,769	\$ 1,643	\$ 1,890

MSIF operates in a manner to maintain its RIC status and to eliminate corporate-level U.S. federal income tax (other than the 4% excise tax) by distributing sufficient investment company taxable income and long-term capital gains. As a result, MSIF will have an effective tax rate equal to 0% before the excise tax and income taxes incurred by the Taxable Subsidiaries. As such, a reconciliation of the differences between MSC Income Fund's reported income tax expense and its tax expense at the federal statutory rate of 21% is not meaningful.

As of December 31, 2023, the cost of investments for U.S. federal income tax purposes was \$1,035.0 million, with such investments having an estimated net unrealized appreciation of \$57.9 million, composed of gross unrealized appreciation of \$154.3 million and gross unrealized depreciation of \$96.4 million. As of December 31, 2022, the cost basis of investments for tax purposes was \$1,059.9 million, with such investments having an estimated net unrealized appreciation of \$8.3 million, composed of gross unrealized appreciation of \$122.6 million and gross unrealized depreciation of \$114.3 million.

The following table sets forth the significant components of net deferred tax assets and liabilities as of December 31, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(dollars in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	\$ 671	\$ 398
Interest expense carryforwards	3,258	1,426
General business and foreign tax credit carryforwards	329	156
Capital loss carryforwards	6,041	10,013
Total deferred tax assets	10,299	11,993
Deferred tax liabilities:		
Net basis differences in portfolio investments	(1,484)	(3,777)
Net unrealized appreciation of portfolio investments	(12,074)	(8,578)
Total deferred tax liabilities	(13,558)	(12,355)
Total deferred tax liabilities, net	\$ (3,259)	\$ (362)

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

The net deferred tax liability at December 31, 2023 was \$3.3 million. The net deferred tax liability at December 31, 2022 was \$0.4 million. Management believes that the realization of the deferred tax assets is more likely than not based on expectations as to future taxable income and scheduled reversals of temporary differences. Accordingly, MSC Income Fund did not record a valuation allowance related to its deferred tax assets as of December 31, 2023 and 2022.

At December 31, 2023, for U.S. federal income tax purposes, the Taxable Subsidiaries had net operating loss carryforwards from prior years which, if unused, will expire in 2037. Any net operating losses generated in 2018 and future periods are not subject to expiration and will carry forward indefinitely until utilized. The net capital loss carryforwards of the Taxable Subsidiaries will expire in various taxable years 2025 through 2027. Additionally, the Taxable Subsidiaries have interest expense limitation carryforwards, which have an indefinite carryforward period. In addition, as of December 31, 2023, for U.S. federal income tax purposes at the RIC level, MSIF did not have capital loss carryforwards available to offset future capital gains, to the extent available and permitted by U.S. federal income tax law.

NOTE H — SHARE REPURCHASES

Under the terms of its share repurchase program, MSC Income Fund offers to purchase shares at the NAV per share on the repurchase date. The amount of shares of MSC Income Fund's common stock to be repurchased during any calendar quarter may be equal to the lesser of (i) the number of shares of common stock MSC Income Fund could repurchase with the proceeds it received from the issuance of common stock under MSC Income Fund's dividend reinvestment plan or (ii) 2.5% of the weighted-average number of shares of common stock outstanding in the prior four calendar quarters. Repurchase offers are currently limited to the number of shares of common stock MSC Income Fund can repurchase with 90% of the cash retained as a result of issuances of common stock under its dividend reinvestment plan.

At the discretion of the Board of Directors, MSC Income Fund may also use cash on hand, cash available from borrowings and cash from the sale of investments as of the end of the applicable period to repurchase shares. MSC Income Fund's Board of Directors may amend, suspend or terminate the share repurchase program upon 30 days' notice.

In addition to its share repurchase program, during the fiscal year ended December 31, 2023, MSC Income Fund used proceeds from the sale of their shares during 2023 to complete three modified Dutch auction tender offers, pursuant to which MSC Income Fund offered to purchase up to a specified amount of shares of its common stock at the lowest clearing purchase price elected by participating stockholders within a specified range that allowed MSC Income Fund to purchase the maximum amount offered. All shares purchased in a "Dutch auction" tender offer were purchased at the clearing purchase price. SEC rules permitted MSC Income Fund to increase the number of shares accepted for purchase in any offer by up to 2% of MSC Income Fund's outstanding shares without amending the offer.

Since inception of its share repurchase program, MSC Income Fund has funded the repurchase of \$53.5 million in shares of common stock, including the shares repurchased by MSC Income Fund under the "Dutch auction" tender offers, as of December 31, 2023. For the years ended December 31, 2023, 2022 and 2021, MSC Income Fund funded \$24.4 million, \$16.0 million and \$10.1 million, respectively, for shares of its common stock tendered for repurchase under the plan. For the year ended December 31, 2023, MSC Income Fund purchased 1,267,667 shares of its common stock for \$7.8 million through its modified Dutch auction tender offers.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements (Continued)

Repurchases of MSC Income Fund's common stock pursuant to its share repurchase program and modified Dutch auction tender offers for the years ended December 31, 2023, 2022 and 2021 are as follows:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
April 1 through June 30, 2021	383,513	\$ 7.46	383,513	N/A
July 1 through September 30, 2021	438,292	7.57	438,292	N/A
October 1 through December 31, 2021	511,314	7.60	511,314	N/A
January 1 through March 31, 2022	489,031	7.75	489,031	N/A
April 1 through June 30, 2022	536,065	7.77	536,065	N/A
July 1 through September 30, 2022	527,508	7.64	527,508	N/A
October 1 through December 31, 2022	522,310	7.66	522,310	N/A
January 1 through March 31, 2023	519,489	7.67	519,489	N/A
April 1 through June 30, 2023 (1)	965,568	6.59	965,568	N/A
July 1 through September 30, 2023 (2)	978,579	7.12	978,579	N/A
October 1 through December 31, 2023 (3)	958,928	7.12	958,928	N/A
Total	6,830,597		6,830,597	

- (1) Includes 406,904 shares repurchased under the Dutch auction tender offer pursuant to the to the tender offer statement and Offer to Purchase filed with the SEC on May 15, 2023 at a price of \$5.50 per share for an aggregate cost of \$2.2 million.
- (2) Includes 432,920 shares repurchased under the Dutch auction tender offer pursuant to the to the tender offer statement and Offer to Purchase filed with the SEC on June 14, 2023 at a price of \$6.50 per share for an aggregate cost of \$2.8 million.
- (3) Includes 427,843 shares repurchased under the Dutch auction tender offer pursuant to the to the tender offer statement and Offer to Purchase filed with the SEC on November 15, 2023 at a price of \$6.50 per share for an aggregate cost of \$2.8 million

NOTE I — DIVIDEND REINVESTMENT PLAN

MSC Income Fund's dividend reinvestment plan (the "DRIP") provides for the reinvestment of dividends on behalf of stockholders. As a result, if MSC Income Fund declares a cash dividend, stockholders who have "opted in" to the DRIP will have their cash dividend automatically reinvested into additional shares of MSC Income Fund common stock. The number of shares of common stock to be issued to a stockholder under the DRIP shall be determined by dividing the total dollar amount of the distribution payable to such stockholder by a price per share of common stock determined by MSC Income Fund's Board of Directors or a committee thereof, in its sole discretion, that is (i) not less than the NAV per share of common stock determined in good faith by the Board of Directors or a committee thereof, in its sole discretion, within 48 hours prior to the payment of the distribution and (ii) not more than 2.5% greater than the NAV per share as of such date.

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)

Summarized DRIP information for the years ended December 31, 2023, 2022 and 2021 is as follows:

	Year Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
DRIP participation	\$ 18,417	\$ 17,750	\$ 11,160
Shares issued for DRIP	2,345,246	2,259,611	1,461,776

NOTE J — COMMITMENTS AND CONTINGENCIES

At December 31, 2023, MSC Income Fund had the following outstanding commitments (in thousands):

<i>Investments with equity capital commitments that have not yet funded:</i>	Amount
Brightwood Capital Fund III, LP	\$ 216
Freeport First Lien Loan Fund III LP	8,340
HPEP 3, L.P.	1,308
Total Equity Commitments	\$ 9,864

<i>Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:</i>	
CQ fluency, LLC	\$ 4,500
Mako Steel, LP	4,057
Power System Solutions	3,989
Insight Borrower Corporation	3,888
AB Centers Acquisition Corporation	2,810
Garyline, LLC	2,626
SI East, LLC	2,125
Mini Melts of America, LLC	1,988
Bluestem Brands, Inc.	1,840
American Health Staffing Group, Inc.	1,667
IG Parent Corporation	1,667
ArborWorks, LLC	1,481
Infolinks Media Buyco, LLC	1,260
Burning Glass Intermediate Holding Company, Inc.	1,239
Bettercloud, Inc.	1,216
Richardson Sales Solutions	1,061
HEADLANDS OP-CO LLC	1,000
IG Investor, LLC	1,000
NexRev LLC	1,000
SPAU Holdings, LLC	1,000
Roof Opco, LLC	972
Bond Brand Loyalty ULC	900
Classic H&G Holdco, LLC	860
Engineering Research & Consulting, LLC	828

MSC INCOME FUND, INC.
Notes to the Consolidated Financial Statements (Continued)

VVS Holdco, LLC	800
Cody Pools, Inc.	786
Purge Rite, LLC	781
Acumera, Inc.	768
NinjaTrader, LLC	750
Imaging Business Machines, L.L.C.	692
Centre Technologies Holdings, LLC	600
Paragon Healthcare, Inc.	571
Invincible Boat Company, LLC.	561
AVEX Aviation Holdings, LLC	512
Evergreen North America Acquisitions, LLC	501
Wall Street Prep, Inc.	500
Watterson Brands, LLC	484
GRT Rubber Technologies LLC	468
JTI Electrical & Mechanical, LLC	440
RA Outdoors LLC	438
Microbe Formulas, LLC	434
PTL US Bidco, Inc	427
CaseWorthy, Inc.	400
Trantech Radiator Topco, LLC	400
Chamberlin Holding LLC	400
Johnson Downie Opco, LLC	400
Channel Partners Intermediateco, LLC	381
ITA Holdings Group, LLC	366
Escalent, Inc.	349
South Coast Terminals Holdings, LLC	343
Gamber-Johnson Holdings, LLC	300
Pinnacle TopCo, LLC	285
Batjer TopCo, LLC	230
Metalfarming Holdings, LLC	205
Career Team Holdings, LLC	200
ATS Operating, LLC	200
Mystic Logistics Holdings, LLC	200
Orttech Holdings, LLC	200
Analytical Systems Keco Holdings, LLC	145
Elgin AcquireCo, LLC	123
Clad-Rex Steel, LLC	100
Gulf Publishing Holdings, LLC	100
AAC Holdings, Inc.	71
Inspire Aesthetics Management, LLC	43
Adams Publishing Group, LLC	5
Interface Security Systems, L.L.C	1
Total Loan Commitments	\$ 60,934

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

Total Commitments

\$ 70,798

MSC Income Fund will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents and borrowings under the Credit Facilities). MSC Income Fund follows a process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as necessary. MSC Income Fund had no unrealized appreciation or depreciation on the outstanding unfunded commitments as of December 31, 2023.

MSC Income Fund may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to impose liability on MSC Income Fund in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, MSC Income Fund does not expect any current matters will materially affect its financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on MSC Income Fund's financial condition or results of operations in any future reporting period.

NOTE K — RELATED PARTY TRANSACTIONS**1. Advisory Agreements and Conditional Expense Reimbursement Waivers**

On October 30, 2020, MSC Income Fund entered into the Investment Advisory Agreement with the Adviser, which states that the Adviser will oversee the management of MSC Income Fund's activities and is responsible for making investment decisions with respect to, and providing day-to-day management and administration of, MSC Income Fund's Investment Portfolio. The Investment Advisory Agreement was most recently re-approved by the Board of Directors, including a majority of members who are not "interested" persons (as defined by the 1940 Act) of MSC Income Fund or the Adviser, on August 10, 2023.

Pursuant to the Investment Advisory Agreement, MSC Income Fund pays the Adviser a base management fee and incentive fees as compensation for the services described above. The base management fee is calculated at an annual rate of 1.75% of MSC Income Fund's average gross assets. The term "gross assets" means total assets of MSC Income Fund as disclosed on MSC Income Fund's Consolidated Balance Sheets. "Average gross assets" are calculated based on MSC Income Fund's gross assets at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears. The base management fee is expensed as incurred.

The incentive fee under the Investment Advisory Agreement consists of two parts. The first part, referred to as the subordinated incentive fee on income, is calculated and payable quarterly in arrears based on Pre-Incentive Fee Net Investment Income (as defined below) for the immediately preceding quarter. The subordinated incentive fee on income is equal to 20.0% of MSC Income Fund's Pre-Incentive Fee Net Investment Income for the immediately preceding quarter, expressed as a quarterly rate of return on adjusted capital at the beginning of the most recently completed calendar quarter, exceeding 1.875% (or 7.5% annualized), subject to a "catch up" feature (as described below).

For this purpose, Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that MSC Income Fund receives from portfolio companies) accrued during the calendar quarter, minus MSC Income Fund's operating expenses for the quarter (including the management fee, expenses payable under any proposed administration agreement and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding taxes and the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount debt instruments and PIK interest and zero coupon securities), accrued income that MSC Income Fund has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. For purposes of this fee, adjusted capital means cumulative gross proceeds generated from sales of MSC Income Fund's common stock (including proceeds from MSC Income Fund's DRIP) reduced for non-liquidating distributions, other than distributions of profits, paid to MSC Income Fund's stockholders and amounts paid for share repurchases pursuant to MSC Income Fund's share repurchase program. The subordinated incentive fee on income is expensed in the quarter in which it is incurred.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)**

The calculation of the subordinated incentive fee on income for each quarter is as follows:

- No subordinated incentive fee on income shall be payable to the Adviser in any calendar quarter in which MSC Income Fund's Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.875% (or 7.5% annualized) on adjusted capital;
- 100% of MSC Income Fund's Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.34375% in any calendar quarter (9.375% annualized) shall be payable to the Adviser. This portion of the subordinated incentive fee on income is referred to as the "catch up" and is intended to provide the Adviser with an incentive fee of 20.0% on all of MSC Income Fund's Pre-Incentive Fee Net Investment Income as if the hurdle rate did not apply when the Pre-Incentive Fee Net Investment Income exceeds 2.34375% (9.375% annualized) in any calendar quarter; and
- For any quarter in which MSC Income Fund's Pre-Incentive Fee Net Investment Income exceeds 2.34375% (9.375% annualized), the subordinated incentive fee on income shall equal 20.0% of the amount of MSC Income Fund's Pre-Incentive Fee Net Investment Income, as the hurdle rate and catch-up will have been achieved.

The second part of the incentive fee, referred to as the incentive fee on capital gains, is an incentive fee on realized capital gains earned from the portfolio of MSC Income Fund and is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement). This fee equals 20.0% of MSC Income Fund's incentive fee capital gains, which equals MSC Income Fund's realized capital gains on a cumulative basis from inception, calculated as of the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. At the end of each reporting period, MSC Income Fund estimates the incentive fee on capital gains and accrues the fee based on a hypothetical liquidation of its portfolio. Therefore, the accrual includes both net realized gains and net unrealized gains (the net unrealized difference between the fair value and the par value of its portfolio), if any. The incentive fee accrued pertaining to the unrealized gain is neither earned nor payable to the Adviser until such time it is realized.

For the years ended December 31, 2023, 2022 and 2021, MSC Income Fund incurred base management fees of \$9.8 million, \$19.8 million and \$17.3 million, respectively. For the years ended December 31, 2023, 2022 and 2021, MSC Income Fund incurred subordinated incentive fees on income of \$12.6 million, \$2.1 million and \$0.6 million, respectively. For the years ended December 31, 2023, 2022 and 2021, MSC Income Fund did not incur any capital gains incentive fees.

Pursuant to the Investment Advisory Agreement, MSC Income Fund is required to pay or reimburse the Adviser for administrative services expenses, which include all costs and expenses related to MSC Income Fund's day-to-day administration and management not related to advisory services, whether such administrative services were performed by a third-party service provider or the Adviser or its affiliates (to the extent performed by the Adviser or its affiliates, the "Internal Administrative Services"). Internal Administrative Services include, but are not limited to, the cost of an Adviser's personnel performing accounting and compliance functions and other administrative services on behalf of MSC Income Fund.

The Adviser waived reimbursement of all Internal Administrative Services expenses from October 30, 2020 through December 31, 2021. On January 1, 2022, the Adviser assumed responsibility of certain administrative services that were previously provided for MSC Income Fund by a third-party sub-administrator. After December 31, 2021, the Adviser continued to waive reimbursement of all Internal Administrative Services expenses, except for the cost of the services previously provided by the sub-administrator. For the years ended December 31, 2023, 2022 and 2021, MSC Income Fund incurred Internal Administrative Services Expenses of \$8.9 million, \$5.1 million and \$4.3 million, respectively. For the years ended December 31, 2023, 2022 and 2021, the Adviser waived the reimbursements of Internal Administrative Services expenses of \$3.3 million, \$4.5 million and \$4.3 million, respectively. Waived Internal Administrative Services expenses are permanently waived and are not subject to future reimbursement.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)****2. Offering Costs**

In accordance with MSC Income Fund's previous investment advisory agreement with the previous investment adviser ("HMS Adviser"), MSC Income Fund reimbursed HMS Adviser for any offering costs that were paid on MSC Income Fund's behalf, which consisted of, among other costs, actual legal, accounting, bona fide out-of-pocket itemized and detailed due diligence costs, printing, filing fees, transfer agent costs, postage, escrow fees, advertising and sales literature and other costs incurred in connection with the offering of MSC Income Fund's common stock, including through MSC Income Fund's DRIP. HMS Adviser was responsible for the payment of offering costs to the extent they exceeded 1.5% of the aggregate gross stock offering proceeds. Pursuant to the transaction whereby the Adviser became the investment adviser to MSC Income Fund, HMS Adviser agreed to permanently waive reimbursement of organizational and offering expenses except for \$0.6 million which remained payable to HMS Adviser and would be reimbursed as part of future issuances of common stock by MSC Income Fund. For the years ended December 31, 2023 and 2022, MSC Income Fund reimbursed HMS Adviser \$0.1 million and \$0.3 million, respectively, in connection with stock issuances. As of June 30, 2023, MSC Income Fund's reimbursement obligation to HMS Adviser for organizational and offering expenses was fully repaid.

3. Indemnification

The Investment Advisory Agreement provides that the Adviser and its officers, directors, controlling persons and any other person or entity affiliated with it acting as MSC Income Fund's agent are entitled to indemnification (including reasonable attorneys' fees and amounts reasonably paid in settlement) for any liability or loss suffered by such indemnitee, and such indemnitee will be held harmless for any loss or liability suffered by MSC Income Fund, if (i) the indemnitee has determined, in good faith, that the course of conduct which caused the loss or liability was in MSC Income Fund's best interests, (ii) the indemnitee was acting on behalf of or performing services for MSC Income Fund, (iii) the liability or loss suffered was not the result of negligence, willful malfeasance, bad faith or misconduct by the indemnitee or an affiliate thereof acting as MSC Income Fund's agent and (iv) the indemnification or agreement to hold the indemnitee harmless is only recoverable out of MSC Income Fund's net assets and not from MSC Income Fund's stockholders.

4. Co-Investment

In the ordinary course of business, MSC Income Fund enters into transactions with other parties that may be considered related party transactions. MSC Income Fund has implemented certain policies and procedures, both written and unwritten, to ensure that it does not engage in any prohibited transactions with any persons affiliated with MSC Income Fund. If such affiliations are found to exist, MSC Income Fund seeks the Board of Directors and/or appropriate Board of Directors committee review and approval for such transactions and otherwise comply with, or seek, orders for exemptive relief from the SEC, as appropriate.

MSC Income Fund has received an exemptive order from the SEC permitting co-investments among MSC Income Fund, Main Street and other funds and clients advised by the Adviser in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. MSC Income Fund has made co-investments, and in the future intends to continue to make co-investments with Main Street and other funds and clients advised by the Adviser, in accordance with the conditions of the order. The order requires, among other things, that the Adviser and Main Street consider whether each such investment opportunity is appropriate for MSC Income Fund, Main Street and the other funds and clients advised by the Adviser, as applicable, and if it is appropriate, to propose an allocation of the investment opportunity between such parties. Because the Adviser is wholly-owned by Main Street and is not managing MSC Income Fund's investment activities as its sole activity, this may provide the Adviser an incentive to allocate opportunities to other participating funds and clients instead of MSC Income Fund. However, the Adviser has policies and procedures in place to manage this conflict, including oversight by the independent members of the Board of Directors. Additional information regarding the operation of the co-investment program is set forth in the order granting exemptive relief, which may be reviewed on the SEC's website at www.sec.gov. In addition to the co-investment program described above, MSC Income Fund also co-invests in syndicated deals and other transactions where price is the only negotiated point by MSC Income Fund and its affiliates.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)****5. Other Related Party Transactions**

On January 27, 2021, MSC Income Fund entered into the Main Street Term Loan, which initially provided for an aggregate principal amount of \$0.0 million in borrowings. MSC Income Fund paid a 1.0% upfront fee to Main Street on the closing date.

On July 27, 2021, MSC Income Fund entered into an amendment to the Main Street Term Loan that allowed MSC Income Fund to initially draw an additional \$0.0 million, with another \$15.0 million available to be drawn in two separate \$7.5 million tranches at a later date. Following the amendment, as of September 30, 2021, the aggregate principal amount outstanding under the Main Street Term Loan was \$60.0 million bearing interest at a fixed rate of 5.00% per annum and maturing on January 27, 2026.

Borrowings under the Main Street Term Loan were expressly subordinated and junior in right of payment to all secured indebtedness of MSC Income Fund. The Main Street Term Loan was unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of MSC Income Fund or the Adviser. On October 22, 2021, MSC Income Fund fully repaid all borrowings outstanding under the Main Street Term Loan and the Main Street Term Loan was extinguished.

On May 2, 2022, the Company sold 94,697 shares of its common stock to Main Street at \$7.92 per share, the price at which the Company issued new shares in connection with reinvestments of the May 2, 2022 dividend pursuant to the DRIP, for total proceeds to the Company of \$750,000. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

On May 1, 2023, the Company sold 255,754 shares of its common stock to Main Street at \$7.82 per share, the price at which the Company issued new shares in connection with reinvestments of the May 1, 2023 dividend pursuant to the DRIP, for total proceeds to the Company of \$2.0 million. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act and were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

On August 1, 2023, the Company sold 348,542 shares of its common stock to Main Street at \$7.89 per share, the price at which the Company issued new shares in connection with reinvestments of the August 1, 2023 dividend pursuant to the DRIP, for total proceeds to the Company of \$2.8 million. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act and were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

On November 1, 2023, the Company sold 475,888 shares of its common stock to Main Street at \$7.88 per share, the price at which the Company issued new shares in connection with reinvestments of the November 1, 2023 dividend pursuant to the DRIP, for total proceeds to the Company of \$3,750,000. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act and were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

In September 2023, pursuant to the August Dutch auction tender offer, Main Street purchased 115,385 shares of MSC Income Fund common stock from MSC Income Fund stockholders at the August Clearing Price, or \$6.50 per share, for an aggregate cost of \$0.8 million. See *Note H – Share Repurchases* for more information. The August Dutch auction tender offer, including Main Street’s participation, were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

MSC INCOME FUND, INC.**Notes to the Consolidated Financial Statements (Continued)****NOTE L — SUBSEQUENT EVENTS**

On January 31, 2024, the Company sold 314,070 shares of its common stock to Main Street at \$7.96 per share, the price at which the Company issued new shares in connection with reinvestments of the January 31, 2024 dividend pursuant to the DRIP, for total proceeds to the Company of \$2.5 million. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act and were unanimously approved by the Board of Directors, including each director who is not an “interested person,” as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

On January 31, 2024, MSC Income Fund repurchased 518,173 shares of its common stock validly tendered and not withdrawn on the terms set forth in the tender offer statement on Schedule TO and Offer to Purchase filed with the SEC on December 21, 2023. The shares were repurchased at a price of \$7.81 per share, which was MSC Income Fund’s NAV per share as of January 31, 2024, for an aggregate purchase price of \$4.0 million (an amount equal to 90% of the proceeds MSC Income Fund received from the issuance of shares under MSC Income Fund’s DRIP from the January 31, 2024 dividend payment).

On February 5, 2024, MSC Income Fund commenced a modified “Dutch Auction” tender offer (the “February Dutch Auction Tender Offer”) pursuant to the Offer to Purchase, dated February 5, 2024, which expired on March 4, 2024. Pursuant to the February Dutch Auction Tender Offer, MSC Income Fund repurchased 357,143 shares on March 8, 2024, at a price of \$7.00 per share for an aggregate cost of \$2.5 million, excluding fees and expenses related to the February Dutch Auction Tender Offer.

On March 7, 2024, the Board of Directors declared a quarterly cash dividend of \$0.185 per share payable May 1, 2024 to stockholders of record as of March 29, 2024. Additionally, the Board of Directors approved a repurchase offer pursuant to the Company’s share repurchase program in an amount equal to 90% of the proceeds resulting from shares issued in lieu of cash distributions from the May 1, 2024 dividend payment.

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates
December 31, 2023
(dollars in thousands)

									Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2022 Fair Value (13)	Gross Additions(3)	Gross Reductions(4)	December 31, 2023 Fair Value (13)
Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)					
Control Investments													
Copper Trail Fund Investments					LP Interests (CTMH, LP)	(9)	\$ —	\$ —	\$ 38	\$ 588	\$ —	\$ 20	\$ 568
GRT Rubber Technologies LLC	11.48%	SF+ 6.00%			Secured Debt (12)	(8)	—	3	88	330	852	—	1,182
	13.48%	SF+ 8.00%			Secured Debt	(8)	—	(50)	2,696	19,943	51	50	19,944
					Member Units	(8)	—	—	90	21,890	—	—	21,890
Harris Preston Fund Investments					LP Interests (2717 MH, L.P.)	(8)	2,223	(952)	142	7,552	2,796	4,298	6,050
Volusion, LLC	10.00%				Secured Debt	(8)	—	—	69	—	900	—	900
	11.50%				Secured Debt	(8)	(1,366)	780	71	6,392	—	6,392	—
	8.00%				Unsecured Convertible Debt	(8)	(175)	175	—	—	175	175	—
					Preferred Member Units	(8)	—	—	1	—	—	—	—
					Preferred Member Units	(8)	—	(596)	—	—	4,906	1,796	3,110
					Preferred Member Units	(8)	—	—	—	—	—	—	—
					Common Stock	(8)	—	(1,104)	—	—	1,104	1,104	—
					Warrants	(8)	—	1,104	—	—	—	—	—
Other Amounts related to investments transferred to or from other 1940 Act classification during the period													
							1,541	(649)	(94)	(6,392)	6,392	—	—
Total Control Investments							\$ 2,223	\$ (1,289)	\$ 3,101	\$ 50,303	\$ 17,176	\$ 13,835	\$ 53,644
Affiliate Investments													
AFG Capital Group, LLC													
					Preferred Member Units	(8)	\$ 1,800	\$ (2,050)	\$ —	\$ 2,350	\$ 1,800	\$ 4,150	\$ —
Analytical Systems Keco Holdings, LLC	15.38%	SF+ 10.00%			Secured Debt (12)	(8)	—	—	4	(2)	56	—	54
	15.38%	SF+ 10.00%			Secured Debt	(8)	—	—	188	1,135	21	136	1,020
	14.13%				Preferred Member Units	(8)	—	—	—	—	—	—	—
					Preferred Member Units	(8)	—	330	—	880	330	—	1,210
					Warrants	(8)	—	—	—	—	—	—	—
ATX Networks Corp.		L+ 7.50%			Secured Debt	(6)	—	(102)	856	6,368	545	6,913	—
	10.00%				Unsecured Debt	(6)	—	(276)	1,135	2,614	1,135	3,749	—
					Common Stock	(6)	3,178	(3,290)	—	3,290	3,178	6,468	—
Barfly Ventures, LLC					Member Units	(5)	—	273	—	1,107	273	—	1,380
Batjer TopCo, LLC	10.00%				Secured Debt (12)	(8)	—	1	—	(1)	1	—	—
	10.00%				Secured Debt (12)	(8)	—	—	2	—	70	40	30
	10.00%				Secured Debt	(8)	—	15	129	1,205	21	51	1,175
					Preferred Stock	(8)	—	225	76	455	225	—	680
Brewer Crane Holdings, LLC	15.46%	L+ 10.00%			Secured Debt	(9)	—	—	224	1,491	8	125	1,374
					Preferred Member Units	(9)	—	(370)	30	1,770	—	370	1,400
Centre Technologies Holdings, LLC		SF+ 9.00%			Secured Debt (12)	(8)	—	—	3	—	—	—	—
	14.48%	SF+ 9.00%			Secured Debt	(8)	—	29	572	3,731	663	—	4,394
					Preferred Member Units	(8)	—	590	30	2,170	590	—	2,760
Chamberlin Holding LLC		SF+ 6.00%			Secured Debt (12)	(8)	—	49	11	—	—	—	—

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2023
(dollars in thousands)

Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2022 Fair Value (13)	Gross Additions(3)	Gross Reductions(4)	December 31, 2023 Fair Value (13)
	13.49%		SF+ 8.00%		Secured Debt	(8)	—	(4)	553	4,236	4	335	3,905
					Member Units	(8)	—	1,599	1,045	5,728	1,602	—	7,330
					Member Units	(8)	—	37	23	678	38	1	715
Charps, LLC					Preferred Member Units	(5)	—	590	366	3,330	590	—	3,920
Clad-Rex Steel, LLC	11.50%				Secured Debt (12)	(5)	—	—	—	—	—	—	—
	11.50%				Secured Debt	(5)	—	(37)	284	2,620	—	517	2,103
	10.00%				Secured Debt	(5)	—	—	26	260	—	9	251
					Member Units	(5)	—	(760)	69	2,060	—	760	1,300
					Member Units	(5)	—	55	—	152	130	—	282
Cody Pools, Inc.	12.50%				Secured Debt (12)	(8)	—	2	1	—	—	—	—
	12.50%				Secured Debt	(8)	—	22	562	—	7,872	761	7,111
		L+ 10.50%			Secured Debt	(8)	—	(11)	26	273	14	287	—
		L+ 10.50%			Secured Debt	(8)	—	(96)	500	6,882	—	6,882	—
					Preferred Member Units	(8)	—	3,570	1,219	14,550	3,570	—	18,120
Colonial Electric Company LLC					Secured Debt	(6)	—	—	12	—	400	400	—
	12.00%				Secured Debt	(6)	—	(41)	471	5,729	34	356	5,407
					Preferred Member Units	(6)	—	360	—	—	600	—	600
					Preferred Member Units	(6)	—	(370)	—	2,290	—	370	1,920
Compass Systems & Sales, LLC	13.50%				Secured Debt	(5)	—	—	—	—	—	—	—
	13.50%				Secured Debt	(5)	—	—	69	—	4,175	—	4,175
					Preferred Equity	(5)	—	—	—	—	1,863	—	1,863
Datacom, LLC	7.50%				Secured Debt	(8)	—	—	4	25	89	65	49
	10.00%				Secured Debt	(8)	—	(14)	107	865	22	43	844
					Preferred Member Units	(8)	—	(290)	—	300	—	290	10
Digital Products Holdings LLC	15.38%		SF+ 10.00%		Secured Debt	(5)	—	(17)	586	3,878	—	205	3,673
					Preferred Member Units	(5)	—	—	50	2,459	—	—	2,459
Direct Marketing Solutions, Inc.	14.00%				Secured Debt	(9)	—	(2)	13	—	227	10	217
	14.00%				Secured Debt	(9)	—	(19)	730	5,352	19	369	5,002
					Preferred Stock	(9)	—	(380)	43	5,558	—	378	5,180
Flame King Holdings, LLC		L+ 6.50%			Secured Debt	(9)	—	(15)	121	1,900	15	1,915	—
		L+ 9.00%			Secured Debt	(9)	—	(123)	478	5,300	123	5,423	—
					Preferred Equity	(9)	—	2,570	814	4,400	2,570	—	6,970
Freeport Financial Funds					LP Interests (Freeport First Lien Loan Fund III LP) (12)	(5)	—	—	598	5,848	—	2,143	3,705
Gamber-Johnson Holdings, LLC		SF+ 7.50%			Secured Debt (12)	(5)	—	—	2	—	—	—	—
	10.50%	SF+ 7.50%			Secured Debt	(5)	—	(88)	1,727	16,020	88	2,588	13,520
					Member Units	(5)	—	11,460	1,491	12,720	11,460	—	24,180
GFG Group, LLC	8.00%				Secured Debt	(5)	—	(25)	263	2,836	25	525	2,336
					Preferred Member Units	(5)	—	1,080	200	1,790	1,080	—	2,870
Gulf Publishing Holdings, LLC		SF+ 9.50%			Secured Debt (12)	(8)	—	—	—	—	—	—	—
	12.50%				Secured Debt	(8)	—	—	73	571	—	—	571
					Preferred Equity	(8)	—	(330)	—	950	—	330	620
					Member Units	(8)	—	—	—	—	—	—	—

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2023
(dollars in thousands)

Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2022 Fair Value (13)	Gross Additions(3)	Gross Reductions(4)	December 31, 2023 Fair Value (13)
HPEP 3, L.P.					LP Interests (HPEP 3, L.P.) (12)	(8)	—	156	4	4,331	403	509	4,225
IG Investor, LLC	13.00%				Secured Debt (12)	(6)	—	—	5	—	173	200	(27)
					Secured Debt	(6)	—	—	692	—	9,179	110	9,069
					Common Equity	(6)	—	—	—	—	3,774	174	3,600
Independent Pet Partners Intermediate Holdings, LLC					Common Equity	(6)	—	(220)	—	—	6,540	220	6,320
Integral Energy Services	13.16%	SF+ 7.50%			Secured Debt	(8)	—	(787)	2,773	18,425	94	2,287	16,232
	10.00%			10.00%	Preferred Equity	(8)	—	85	—	—	350	—	350
					Common Stock	(8)	—	(1,300)	50	1,490	—	1,300	190
Kickhaefer Manufacturing Company, LLC	12.00%				Secured Debt	(5)	—	(18)	668	5,093	58	218	4,933
	9.00%				Secured Debt	(5)	—	—	86	961	—	10	951
					Preferred Equity	(5)	—	620	—	1,800	620	—	2,420
					Member Units	(5)	—	(30)	29	713	—	30	683
Market Force Information, LLC		L+ 11.00%			Secured Debt	(9)	(6,465)	6,060	—	403	6,060	6,463	—
					Member Units	(9)	(4,160)	4,160	—	—	4,160	4,160	—
MH Corbin Holding LLC	13.00%				Secured Debt	(5)	—	307	190	1,137	308	189	1,256
					Preferred Member Units	(5)	—	80	—	—	80	—	80
					Preferred Member Units	(5)	—	—	—	—	—	—	—
Mystic Logistics Holdings, LLC					Secured Debt (12)	(6)	—	—	1	—	—	—	—
	10.00%				Secured Debt	(6)	—	—	146	1,436	—	—	1,436
					Common Stock	(6)	—	890	1,131	5,708	890	—	6,598
NexRev LLC	10.00%				Secured Debt (12)	(8)	—	—	—	—	—	—	—
	10.00%				Secured Debt	(8)	—	708	289	2,119	729	413	2,435
					Preferred Member Units	(8)	—	1,310	166	280	1,310	—	1,590
NuStep, LLC	11.98%	SF+ 6.50%			Secured Debt	(5)	—	(2)	120	1,100	1	202	899
	12.00%				Secured Debt	(5)	—	—	564	4,603	3	—	4,606
					Preferred Member Units	(5)	—	300	—	2,010	300	—	2,310
					Preferred Member Units	(5)	—	—	—	1,290	—	—	1,290
Oneliance, LLC	16.48%	SF+ 11.00%			Secured Debt	(7)	—	(7)	231	1,380	6	47	1,339
					Preferred Stock	(7)	—	—	—	264	18	—	282
Ortech Holdings, LLC		SF+ 11.00%			Secured Debt (12)	(5)	—	2	1	(2)	2	—	—
	16.48%	SF+ 11.00%			Secured Debt	(5)	—	58	955	5,814	86	390	5,510
					Preferred Stock	(5)	—	1,320	274	2,940	1,320	—	4,260
Pinnacle TopCo, LLC	8.00%				Secured Debt (12)	(8)	—	—	1	—	105	—	105
	13.00%				Secured Debt	(8)	—	—	34	—	7,472	—	7,472
					Preferred Equity	(8)	—	—	—	—	3,135	—	3,135
Robbins Bros. Jewelry, Inc.	12.50%				Secured Debt	(9)	—	—	4	(8)	2	—	(6)
	12.50%				Secured Debt	(9)	—	(323)	507	3,902	18	499	3,421
					Preferred Equity	(9)	—	(1,650)	—	1,650	—	1,650	—
SI East, LLC	11.25%				Secured Debt (12)	(7)	—	6	28	—	625	250	375
	12.47%				Secured Debt	(7)	—	161	1,278	—	18,179	—	18,179
	9.50%				Secured Debt	(7)	—	(134)	1,403	29,929	—	29,929	—
					Preferred Member Units	(7)	—	1,737	399	4,550	1,840	—	6,390
Student Resource Center, LLC	8.50%			8.50%	Secured Debt	(6)	—	(1,881)	364	5,063	244	1,764	3,543

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2023
(dollars in thousands)

Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2022 Fair Value (13)	Gross Additions(3)	Gross Reductions(4)	December 31, 2023 Fair Value (13)
					Preferred Equity	(6)	—	—	—	—	—	—	—
Tedder Industries, LLC	12.00%				Secured Debt	(9)	—	(28)	56	460	—	28	432
	12.00%				Secured Debt	(9)	—	(218)	466	3,780	3	218	3,565
					Preferred Member Units	(9)	—	(1,920)	—	1,920	—	1,920	—
					Preferred Member Units	(9)	—	(141)	—	—	124	124	—
					Preferred Member Units	(9)	—	(165)	—	—	165	165	—
Trantech Radiator Topco, LLC	8.00%				Secured Debt (12)	(7)	—	(2)	3	—	2	2	—
	12.00%				Secured Debt	(7)	—	(14)	255	1,980	14	14	1,980
					Common Stock	(7)	—	1,230	29	1,950	1,230	—	3,180
VVS Holdco LLC			SF+ 6.00%		Secured Debt (12)	(5)	—	—	10	(5)	5	—	—
	11.50%				Secured Debt	(5)	—	—	904	7,421	55	550	6,926
					Preferred Equity	(5)	—	(30)	54	2,990	100	30	3,060
Other Amounts related to investments transferred to or from other 1940 Act classification during the period							(1,541)	649	(151)	—	—	—	—
Total Affiliate investments							\$ (7,188)	\$ 25,116	\$ 29,805	\$ 277,000	\$ 115,308	\$ 101,029	\$ 291,279

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2023
(dollars in thousands)

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- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the Consolidated Schedule of Investments included in *Item 8. Consolidated Financial Statements* of this Annual Report on Form 10-K.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts related to investments transferred to or from other 1940 Act classifications during the period."
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of December 31, 2023 for affiliate investments located in this region was \$107,201. This represented 17.2% of net assets as of December 31, 2023.
- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of December 31, 2023 for affiliate investments located in this region was \$38,466. This represented 6.2% of net assets as of December 31, 2023.
- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of December 31, 2023 for affiliate investments located in this region was \$31,725. This represented 5.1% of net assets as of December 31, 2023.
- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of December 31, 2023 for control investments located in this region was \$53,076. This represented 8.5% of net assets as of December 31, 2023. The fair value as of December 31, 2023 for affiliate investments located in this region was \$86,332. This represented 13.9% of net assets as of December 31, 2023.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of December 31, 2023 for control investments located in this region was \$568. This represented 0.1% of net assets as of December 31, 2023. The fair value as of December 31, 2023 for affiliate investments located in this region was \$27,555. This represented 4.4% of net assets as of December 31, 2023.
- (10) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities," unless otherwise noted.
- (11) This schedule should be read in conjunction with the Consolidated Schedule of Investments and Notes to the Consolidated Financial Statements included in *Item 8. Consolidated Financial Statements* of this Annual Report on Form 10-K. Supplemental information can be located within the Consolidated Schedule of

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2023
(dollars in thousands)

Investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

(12) Investment has an unfunded commitment as of December 31, 2023 (see *Note J — Commitments and Contingencies* in *Item 8. Consolidated Financial Statements* of this Annual Report on Form 10-K). The fair value of the investment includes the impact of the fair value of any unfunded commitments.

(13) Negative fair value is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates
December 31, 2022
(dollars in thousands)

Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2021 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2022 Fair Value (13)
Control Investments													
GRT Rubber Technologies LLC	10.12%		L+ 6.00%		Secured Debt	(8)	\$ —	\$ 6	\$ 7	\$ —	\$ 330	\$ —	\$ 330
	12.12%		L+ 8.00%		Secured Debt	(8)	—	(32)	1,972	19,152	824	33	19,943
					Member Units	(8)	—	(860)	1,244	22,750	—	860	21,890
Harris Preston Fund Investments					LP Interests (2717 MH, L.P.)	(8)	—	2,389	—	3,971	3,581	—	7,552
Copper Trail Fund Investments					LP Interests (CTMH, LP)	(9)	—	—	—	710	—	122	588
Other Amounts related to investments transferred to or from other 1940 Act classification during the period													
Total Control Investments							\$ —	\$ 1,503	\$ 3,223	\$ 46,583	\$ 4,735	\$ 1,015	\$ 50,303
Affiliate Investments													
AFG Capital Group, LLC	10.00%				Secured Debt	(8)	\$ —	\$ —	\$ 1	\$ 36	\$ —	\$ 36	\$ —
					Preferred Member Units	(8)	—	420	50	1,930	420	—	2,350
Analytical Systems Keco Holdings, LLC			L+ 10.00%		Secured Debt	(8)	—	—	2	(4)	2	—	(2)
	14.13%		L+ 10.00%		Secured Debt	(8)	—	—	174	1,182	23	70	1,135
	14.13%				Preferred Member Units	(8)	—	—	—	—	—	—	—
					Preferred Member Units	(8)	—	(340)	—	1,220	—	340	880
					Warrants	(8)	—	—	—	—	—	—	—
ATX Networks Corp.	12.23%		L+ 7.50%		Secured Debt	(6)	—	135	756	7,121	364	1,117	6,368
	10.00%			10.00%	Unsecured Debt	(6)	—	309	327	1,977	637	—	2,614
					Common Stock	(6)	—	3,290	—	—	3,290	—	3,290
Barfly Ventures, LLC					Member Units	(5)	—	463	—	643	464	—	1,107
Batjer TopCo, LLC					Secured Debt	(8)	—	—	—	—	50	51	(1)
	11.00%				Secured Debt	(8)	—	—	116	—	1,205	—	1,205
					Preferred Stock	(8)	—	—	70	—	455	—	455
Brewer Crane Holdings, LLC	14.12%		L+ 10.00%		Secured Debt	(9)	—	—	220	2,005	10	524	1,491
					Preferred Member Units	(9)	—	(160)	207	1,930	—	160	1,770
Centre Technologies Holdings, LLC			L+ 9.00%		Secured Debt	(8)	—	—	7	—	360	360	—
	13.13%		L+ 9.00%		Secured Debt	(8)	—	115	445	2,216	1,612	97	3,731
					Preferred Member Units	(8)	—	639	30	1,460	710	—	2,170
Chamberlin Holding LLC			L+ 6.00%		Secured Debt	(8)	—	—	2	—	—	—	—
	12.13%		L+ 8.00%		Secured Debt	(8)	—	(42)	486	4,454	42	260	4,236
					Member Units	(8)	—	(300)	463	6,030	—	302	5,728
					Member Units	(8)	—	180	19	385	293	—	678
Charps, LLC					Preferred Member Units	(5)	—	(170)	190	3,500	—	170	3,330
Clad-Rex Steel, LLC			SF+ 9.00%		Secured Debt	(5)	—	—	1	—	—	—	—
	13.23%		SF+ 9.00%		Secured Debt	(5)	—	—	304	2,620	—	—	2,620
	10.00%				Secured Debt	(5)	—	—	27	268	—	8	260
					Member Units	(5)	—	(500)	190	2,560	—	500	2,060
					Member Units	(5)	—	20	—	133	19	—	152
Cody Pools, Inc.	15.38%		L+ 10.50%		Secured Debt	(8)	—	11	20	(6)	1,033	754	273
	15.38%		L+ 10.50%		Secured Debt	(8)	—	(30)	963	7,187	30	335	6,882

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2022
(dollars in thousands)

Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2021 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2022 Fair Value (13)
					Preferred Member Units	(8)	—	2,640	1,004	11,910	2,640	—	14,550
Colonial Electric Company LLC	12.00%				Secured Debt	(6)	—	—	12	—	400	400	—
					Secured Debt	(6)	—	—	761	6,007	37	315	5,729
					Preferred Member Units	(6)	—	10	349	2,280	10	—	2,290
Datacom, LLC	7.50%				Secured Debt	(8)	—	—	—	—	25	—	25
					Secured Debt	(8)	—	20	98	852	43	30	865
					Preferred Member Units	(8)	—	10	11	290	10	—	300
Digital Products Holdings LLC	14.13%	L+ 10.00%			Secured Debt	(5)	—	—	510	4,186	22	330	3,878
					Preferred Member Units	(5)	—	—	50	2,459	—	—	2,459
Direct Marketing Solutions, Inc.	15.13%	L+ 11.00%			Secured Debt	(9)	—	5	42	(7)	757	750	—
		L+ 11.00%			Secured Debt	(9)	—	46	—	—	5,352	—	5,352
		L+ 11.00%			Secured Debt	(9)	—	(54)	661	4,705	—	4,705	—
					Preferred Stock	(9)	—	970	343	4,590	968	—	5,558
Flame King Holdings, LLC	10.75%	L+ 6.50%			Secured Debt	(9)	—	15	167	1,581	319	—	1,900
	13.25%	L+ 9.00%			Secured Debt	(9)	—	123	706	5,145	155	—	5,300
					Preferred Equity	(9)	—	1,800	538	2,600	1,800	—	4,400
Freeport Financial Funds					LP Interests (Freeport First Lien Loan Fund III LP)	(5)	—	(57)	421	7,231	—	1,383	5,848
Gamber-Johnson Holdings, LLC	11.50%	SF+ 8.50%			Secured Debt	(5)	—	—	2	—	—	—	—
		SF+ 8.50%			Secured Debt	(5)	—	272	113	—	16,020	—	16,020
		L+ 7.50%			Secured Debt	(5)	—	(17)	559	5,400	—	5,400	—
					Member Units	(5)	—	290	224	12,430	290	—	12,720
GFG Group, LLC	9.00%				Secured Debt	(5)	—	(26)	329	3,136	26	326	2,836
					Preferred Member Units	(5)	—	40	144	1,750	40	—	1,790
Gulf Publishing Holdings, LLC	12.50%	L+ 9.50%	6.25%		Secured Debt	(8)	—	—	2	64	—	64	—
					Secured Debt	(8)	(1,455)	962	126	2,429	—	2,429	—
					Secured Debt	(8)	—	(29)	19	—	600	29	571
					Member Units	(8)	—	—	—	—	—	—	—
					Preferred Equity	(8)	—	(450)	—	—	1,400	450	950
HPEP 3, L.P.					LP Interests (HPEP 3, L.P.)	(8)	779	254	(50)	4,712	587	968	4,331
Kickhafer Manufacturing Company, LLC	11.50%				Secured Debt	(5)	—	18	630	5,040	53	—	5,093
	9.00%				Secured Debt	(5)	—	—	88	970	—	9	961
					Preferred Equity	(5)	—	(1,280)	—	3,080	—	1,280	1,800
					Member Units	(5)	—	98	28	615	99	1	713
Market Force Information, LLC	12.00%		12.00%		Secured Debt	(9)	—	(1,831)	—	2,234	—	1,831	403
					Member Units	(9)	—	—	—	—	—	—	—
MH Corbin Holding LLC	13.00%				Secured Debt	(5)	—	175	250	1,484	177	524	1,137
					Preferred Member Units	(5)	—	—	—	—	—	—	—
					Preferred Member Units	(5)	—	—	—	—	—	—	—
Mystic Logistics Holdings, LLC	10.00%				Secured Debt	(6)	—	—	1	—	—	—	—
					Secured Debt	(6)	—	—	152	1,595	—	159	1,436
					Common Stock	(6)	—	3,500	1,050	2,210	3,498	—	5,708
NexRev LLC	11.00%				Secured Debt	(8)	—	—	7	199	—	199	—
					Secured Debt	(8)	—	(188)	486	3,311	—	1,192	2,119

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2022
(dollars in thousands)

Company	Total Rate	Base Rate	Spread	PIK Rate	Type of Investment(1)(10)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2021 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2022 Fair Value (13)
					Preferred Member Units	(8)	—	(723)	20	670	333	723	280
NuStep, LLC	10.63%		L+ 6.50%		Secured Debt	(5)	—	2	78	430	670	—	1,100
	12.00%				Secured Debt	(5)	—	(1)	545	4,310	294	1	4,603
					Preferred Member Units	(5)	—	(1,370)	—	3,380	—	1,370	2,010
					Preferred Member Units	(5)	—	775	—	—	1,290	—	1,290
Oneliance, LLC	15.13%		L+ 11.00%		Secured Debt	(7)	—	—	190	1,374	6	—	1,380
					Preferred Stock	(7)	—	—	1	264	—	—	264
Orttech Holdings, LLC			L+ 11.00%		Secured Debt	(5)	—	—	5	41	1	44	(2)
	15.13%		L+ 11.00%		Secured Debt	(5)	—	—	815	5,937	27	150	5,814
					Preferred Stock	(5)	—	440	225	2,500	440	—	2,940
Robbins Bros. Jewelry, Inc.					Secured Debt	(9)	—	—	5	—	2	10	(8)
	12.50%				Secured Debt	(9)	—	—	529	—	3,977	75	3,902
					Preferred Equity	(9)	—	420	62	—	1,650	—	1,650
SI East, LLC					Secured Debt	(7)	—	—	78	750	1,250	2,000	—
	9.50%				Secured Debt	(7)	—	76	2,708	21,200	10,375	1,646	29,929
					Preferred Member Units	(7)	—	690	216	3,860	690	—	4,550
Sonic Systems International, LLC	11.24%		L+ 7.50%		Secured Debt	(8)	—	282	1,676	13,738	4,687	—	18,425
					Common Stock	(8)	—	(94)	50	1,250	334	94	1,490
Student Resource Center, LLC	13.27%		L+ 8.50%		Secured Debt	(6)	—	—	—	—	5,063	—	5,063
					Secured Debt	(6)	(6,651)	4,438	12	—	6,524	6,524	—
					Preferred Equity	(6)	—	—	—	—	—	—	—
Tedder Industries, LLC	12.00%				Secured Debt	(9)	—	—	55	259	201	—	460
	12.00%				Secured Debt	(9)	—	(17)	505	3,754	43	17	3,780
					Preferred Member Units	(9)	—	(391)	—	2,145	166	391	1,920
Trantech Radiator Topco, LLC					Secured Debt	(7)	—	3	3	(6)	6	—	—
	12.00%				Secured Debt	(7)	—	(17)	273	2,180	17	217	1,980
					Common Stock	(7)	—	(210)	29	2,160	—	210	1,950
VVS Holdco LLC			L+ 6.00%		Secured Debt	(5)	—	—	13	292	203	500	(5)
	11.50%				Secured Debt	(5)	—	—	932	7,375	46	—	7,421
					Preferred Equity	(5)	—	30	129	2,960	30	—	2,990
Other							—	—	—	—	—	—	—
Amounts related to investments transferred to or from other							—	—	—	—	—	—	—
1940 Act classification during the period							—	—	—	—	—	—	—
Total Affiliate investments							\$ (7,327)	\$ 15,689	\$ 24,057	\$ 234,158	\$ 84,672	\$ 41,830	\$ 277,000

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2022
(dollars in thousands)

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- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the Consolidated Schedule of Investments included in *Item 8. Consolidated Financial Statements* of this Annual Report on Form 10-K.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts related to investments transferred to or from other 1940 Act classifications during the period."
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of December 31, 2022 for affiliate investments located in this region was \$92,945. This represented 15.2% of net assets as of December 31, 2022.
- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of December 31, 2022 for affiliate investments located in this region was \$32,498. This represented 5.3% of net assets as of December 31, 2022.
- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of December 31, 2022 for affiliate investments located in this region was \$40,053. This represented 6.6% of net assets as of December 31, 2022.
- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of December 31, 2022 for control investments located in this region was \$49,715. This represented 8.2% of net assets as of December 31, 2022. The fair value as of December 31, 2022 for affiliate investments located in this region was \$73,626. This represented 12.1% of net assets as of December 31, 2022.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of December 31, 2022 for control investments located in this region was \$588. This represented 0.1% of net assets as of December 31, 2022. The fair value as of December 31, 2022 for affiliate investments located in this region was \$37,878. This represented 6.2% of net assets as of December 31, 2022.
- (10) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities," unless otherwise noted.
- (11) This schedule should be read in conjunction with the Consolidated Schedule of Investments and Notes to the Consolidated Financial Statements included in *Item 8. Consolidated Financial Statements* of this Annual Report on Form 10-K. Supplemental information can be located within the Consolidated Schedule of

MSC INCOME FUND
Consolidated Schedule of Investments In and Advances to Affiliates (Continued)
December 31, 2022
(dollars in thousands)

Investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

(12) Investment has an unfunded commitment as of December 31, 2022 (see *Note J — Commitments and Contingencies in Item 8. Consolidated Financial Statements* of this Annual Report on Form 10-K). The fair value of the investment includes the impact of the fair value of any unfunded commitments.

(13) Negative fair value is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

Not applicable.

Item 9A. *Controls and Procedures*

(a) *Evaluation of Disclosure Controls and Procedures*

As of the end of the period covered by this annual report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer, of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act). Based on that evaluation, our Chief Executive Officer, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Exchange Act.

(b) *Management's Report on Internal Control Over Financial Reporting*

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the Company's evaluation under the framework in Internal Control — Integrated Framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of the Company's internal control over financial reporting as of December 31, 2023 pursuant to the rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

(c) *Changes in Internal Control over Financial Reporting*

There have been no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

None.

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors

The following table sets forth certain information regarding our directors:

Name and Principal Occupation(1)	Age	Director Since(2)
<u>Independent Directors</u>		
Robert L. Kay	71	2020
<p>Mr. Kay has been an independent director since October 2020. Mr. Kay has more than 40 years of broad based banking, investments, private equity intermediary and private business management experience, including commercial loan and venture capital investment portfolio oversight. After spending the first 10 years of his career as a corporate lender with a major Texas bank holding company in Dallas, he returned to his hometown in Austin where he spent the next eight years in the venture investing arena. Beginning in 1990, Mr. Kay served as Chief Executive Officer and/or Chief Operating Officer of multiple start up, growth phase and turnaround operating company situations, including serving as Chief Operating Officer and Chief Financial Officer of DrillingInfo from 2006 until its sale in 2012. Mr. Kay has served as the managing member and chief executive officer of Excelleration Partners, an early stage investment firm since 2012. Mr. Kay currently serves as Chief Executive Officer of Halfile Systems Corporation, a software and data subscription business located in Kyle, Texas, as a Director of Myocardial Solutions, Inc., a healthcare technology company located in Raleigh, North Carolina, and as a Director of The Muny Conservancy, a non-profit organization located in Austin, Texas. Mr. Kay earned a B.B.A. in general business (accounting concentration) from the University of Texas.</p>		
John O. Niemann, Jr.	67	2012
<p>Mr. Niemann has been an independent director since 2012 and Chairman of the Nominating and Corporate Governance Committee since October 2020. He is the President and Chief Operating Officer of Arthur Andersen LLP and has been since 2003. He previously served as a Managing Director of Andersen Tax LLC from June 2013 until his retirement from this position in March 2023. He previously served on the administrative board of Arthur Andersen LLP and on the board of partners of Andersen Worldwide. He began his career at Arthur Andersen LLP in 1978 and has served in increasing responsibilities in senior management positions, since 1992. Mr. Niemann has served as a director and Chairman of the Audit Committee of Hines Global Income Trust since July 2014 and as the lead independent director since May 2019 and as a director and Chairman of the Audit Committee of Adams Resources & Energy, Inc. since May 2019. He joined Professional Asset Indemnity Limited as a Director in October 2021, which is a non-public Bermuda captive insurance company. Mr. Niemann has served on the board of directors of many Houston area non-profit organizations, including Strake Jesuit College Preparatory School (past chair of the board), The Regis School of the Sacred Heart (past chair of the board), The Houston Symphony, The University of St. Thomas, The Alley Theatre and Taping for the Blind, Inc. He graduated with a B.A. in Managerial Studies (magna cum laude) and a master's degree in accounting from Rice University, received a J.D. (summa cum laude) from the South Texas College of Law and an LL.M. in taxation (summa cum laude) from the University of San Francisco School of Law.</p>		

Name and Principal Occupation(1)	Age	Director Since(2)
Jeffrey B. Walker	63	2020

Mr. Walker has been an independent director and Chairman of the Audit Committee since October 2020. Mr. Walker retired in May 2020 after a successful 38 year career in public accounting with Arthur Andersen and, more recently, Deloitte Tax, LLP where he held several leadership roles including, most recently, Vice Chairman from 2014 until May 2020. Mr. Walker served as a member of Deloitte LLP's board from 2011 until 2015 and also served as the Chief Development Officer of Deloitte Tax from 2013 until 2015. Mr. Walker is a certified public accountant and a member of the AICPA and Texas State Board of CPAs and earned a B.B.A. in Accounting and Economics from the University of Mississippi.

Interested Directors

Mr. Hyzak is an interested person, as defined in the 1940 Act, due to his positions at MSC Income Fund.

Dwayne L. Hyzak	51	2018
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Mr. Hyzak has been a member of our board of directors since June 2020 and has served as our Chief Executive Officer and Chairman since October 2020. Since 2018, Mr. Hyzak has also served as Main Street's Chief Executive Officer and as a member of Main Street's board of directors. Mr. Hyzak also serves as a member of Main Street's management team's executive and investment committees. Previously, he served as Main Street's President (2015 until November 2018), Chief Operating Officer (2014 until November 2018), Chief Financial Officer (2011 until 2014) and Senior Managing Director since 2011 and also served in other senior executive positions at Main Street prior to 2011. Prior to its IPO in 2007, Mr. Hyzak served as a Senior Managing Director and other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of Main Street. Mr. Hyzak joined Main Street in 2002, becoming one of the founding members of the firm. Prior to joining Main Street, Mr. Hyzak was a Director of Integration with Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries, where he was principally focused on the company's mergers and acquisitions and corporate finance activities. Previously, Mr. Hyzak was a Manager with Arthur Andersen in its Transaction Advisory Services group. Mr. Hyzak currently serves on the board of directors of Child Advocates, a non-profit organization that trains and supports advocates to serve the interests of abused or neglected children in the greater Houston area.

(1) The address of each director is c/o MSC Income Fund, Inc., 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056. The age given for each of our directors is as of March 8, 2024.

(2) Directors serve for a term until the next annual meeting of stockholders and until their successors are duly elected and qualified or until their earlier removal or resignation.

Executive Officers

The following table sets forth information regarding our executive officers and certain significant personnel:

Name	Age	Position(s) Held	Officer Since
Dwayne L. Hyzak ⁽¹⁾⁽²⁾	51	Chairman of the Board and Chief Executive Officer	2020
David L. Magdol ⁽¹⁾⁽²⁾	53	President and Chief Investment Officer	2020
Jesse E. Morris ⁽²⁾	56	Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer	2020
Jason B. Beauvais ⁽²⁾	48	Executive Vice President, General Counsel and Secretary	2020
Nicholas T. Meserve	44	Managing Director	2020
Cory E. Gilbert	51	Vice President, Chief Accounting Officer and Assistant Treasurer	2020
Adam W. Park	37	Chief Compliance Officer, Assistant General Counsel and Assistant Secretary	2020

(1) Member of our Adviser's investment committee. The investment committee is responsible for all aspects of our investment processes, including approval of investments. Vincent D. Foster, senior advisor to Main Street and Chairman of its board of directors, is also a member of our Adviser's investment committee.

(2) Executive officer and member of our management team's executive committee.

The address for each person in the table above is 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056. The age given for each person is as of March 8, 2024. Each officer holds office until his successor is chosen and qualified or until his earlier death, removal or resignation.

For more information on Mr. Hyzak, Chairman of the Board and Chief Executive Officer, see his biographical information above.

David L. Magdol is our President and Chief Investment Officer. Mr. Magdol also serves as the President and Chief Investment Officer of Main Street and as a member of Main Street's management team's executive and investment committees. Previously, he also served as Vice Chairman and Senior Managing Director and in other senior executive positions at Main Street. Prior to its IPO in 2007, Mr. Magdol served as a Senior Managing Director and other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of Main Street. Mr. Magdol joined Main Street in 2002, becoming one of the founding members of the firm. Prior to joining Main Street, Mr. Magdol was a Vice President in the investment banking group at Lazard Freres & Co. Previously, he managed a portfolio of private equity investments for the McMullen Group, a private investment firm/family office capitalized by Dr. John J. McMullen, the former owner of the New Jersey Devils and the Houston Astros. Mr. Magdol began his career in the structured finance services group of JP Morgan Chase.

Jesse E. Morris is our Executive Vice President, Chief Financial Officer and Chief Operating Officer. Mr. Morris also serves as the Executive Vice President, Chief Financial Officer and Chief Operating Officer of Main Street, serves as a member of Main Street's management team's executive committee and has held various management roles since joining Main Street in July 2019. Mr. Morris has management responsibility over Main Street's finance, treasury and internal operations. He is also a Senior Managing Director on Main Street's lower middle market investment team where his responsibilities include managing a portfolio of lower middle market investments where he is an active board member and assists those companies with various strategic initiatives, capital raises and M&A activity. Mr. Morris is also responsible for originating and executing new investments for the firm. Prior to joining Main Street in 2019, Mr. Morris served in various roles of increasing responsibility with Quanta Services, Inc. (NYSE: PWR) from 2014 to 2019 including most recently as Executive Vice President – Finance and President – Infrastructure Solutions. In this position, he oversaw the accounting, treasury, tax and financial planning and analysis activities and led Quanta's public-private partnership (P3) concession and private infrastructure investment activities. Prior to joining Quanta, Mr. Morris served in various financial and accounting positions of increasing responsibility with Sysco Corporation (NYSE: SYY) including as Vice President and Chief Financial Officer – Foodservice Operations and Vice President of Finance and Chief Financial Officer – Broadline Operations. Mr. Morris began his career as a certified public accountant and was an Experienced Manager with Arthur Andersen.

Jason B. Beauvais is our Executive Vice President, General Counsel and Secretary. Mr. Beauvais also serves as the Executive Vice President, General Counsel, Chief Compliance Officer and Secretary of Main Street, serves as a member of Main Street's management team's executive committee and has held various management roles since joining

Main Street in 2008. He has management responsibility over the firm's legal, compliance, human resources and technology functions. He also currently serves as a member of the Board of Directors of the Houston Arboretum & Nature Center, a non-profit urban nature sanctuary. Prior to joining Main Street, Mr. Beauvais was an attorney with Occidental Petroleum Corporation (NYSE: OXY), an international oil and gas exploration and production company. Before that, Mr. Beauvais practiced corporate and securities law at Baker Botts L.L.P., where he primarily counseled companies in public issuances and private placements of debt and equity and handled a wide range of general corporate and securities matters as well as mergers and acquisitions.

Nicholas T. Meserve is our Managing Director. Mr. Meserve also serves as a Managing Director on Main Street's private credit investment team. Mr. Meserve previously served on our Board of Directors from April 2016 until June 2020. Mr. Meserve's responsibilities have included managing a portfolio of private loan and middle market investments. He is also responsible for sourcing, originating and executing new investments for the firm. Prior to joining Main Street in 2012, Mr. Meserve was at Highland Capital Management, LP, a large alternative credit manager, and certain of its affiliates, where he managed a portfolio of senior loans and high yield bonds across a diverse set of industries. Prior to Highland, he was a Credit Analyst at JP Morgan Chase & Co.

Cory E. Gilbert is our Vice President, Chief Accounting Officer and Assistant Treasurer. He also serves as Main Street's Vice President of Finance and Chief Accounting Officer – Asset Management Business and Assistant Treasurer. Prior to joining Main Street in 2019, Mr. Gilbert served as the Chief Financial Officer and Treasurer for OHA Investment Corporation, a publicly traded business development company externally managed by Oak Hill Advisors LLP. Prior to joining OHA Investment Corporation, Mr. Gilbert worked at RED Capital Group, the commercial mortgage banking arm of ORIX USA, where he most recently served as their Chief Financial Officer. Prior to that, from September 2008 to August 2013, Mr. Gilbert served as a line of business controller of ORIX USA. Mr. Gilbert began his career and was a manager with KPMG LLP's financial services practice in the Dallas-Fort Worth area. Mr. Gilbert is a certified public accountant.

Adam W. Park has served as our Chief Compliance Officer since August 2023 and as Assistant General Counsel and Assistant Secretary and since October 2020. Mr. Park also serves as the Assistant General Counsel, Assistant Compliance Officer and Assistant Secretary of Main Street and has served in these roles since September 2020. Prior to joining Main Street, Mr. Park practiced corporate and securities law at Baker & Hostetler LLP, where he counseled companies in capital markets transactions, mergers and acquisitions and advised on a wide range of corporate governance matters, and at Eversheds Sutherland (US) LLP, where his practice focused on the formation, regulation and operation of public and private funds, including business development companies.

Code of Ethics

We and MSC Adviser have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. The code of ethics is available on the EDGAR Database on the SEC's website at <http://www.sec.gov>.

In addition, our Code of Business Conduct and Ethics, which is applicable to all of officers, directors and personnel, requires that all officers, directors and personnel avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Our Code of Business Conduct and Ethics is available under the "Governance" tab on our website at www.msccincomefund.com/investors. We intend to disclose any substantive amendments to, or waivers from, this code of conduct within four business days of the waiver or amendment through a website posting.

Insider Trading Policy

The Company has adopted an Insider Trading Policy, which, among other things, governs the purchase, sale, and/or other disposition of the Company's securities by the Company's directors, officers and personnel, and which the Company believes is reasonably designed to promote compliance with insider trading laws, rules and regulations. Our insider trading policy prohibits all directors, officers and personnel from, directly or indirectly, trading while in the possession of material nonpublic information related to the Company's securities and from engaging in short sales and short-term or other speculative trading of our securities and any transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of securities issued by us. Prohibited hedging activity includes market transactions in puts, calls and other derivatives and the purchase of prepaid variable forward contracts, equity swaps and

collars. Pledging our securities in a margin account or as collateral for a loan is also prohibited under the policy except in limited circumstances that are pre-approved by our chief compliance officer.

Board of Directors and its Committees

Board of Directors. Our Board met five times and acted by unanimous written consent 25 times during 2023. All incumbent directors attended at least 75% of the meetings of the Board and of the committees on which they served during 2023 and all then-serving directors attended the 2023 Annual Meeting of Stockholders in person. Our Board expects each director to make a diligent effort to attend all Board and committee meetings, as well as each annual meeting of stockholders.

Committees.

Our Board of Directors currently has, and appoints the members of, standing Audit and Nominating and Corporate Governance Committees. Each of those committees is comprised entirely of independent directors and has a written charter approved by our Board of Directors. The current members of the committees are identified in the following table.

Director	Board Committees	
	Audit	Nominating and Corporate Governance
Robert L. Kay	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
John O. Niemann, Jr.	<input checked="" type="checkbox"/>	Chair
Jeffrey B. Walker	Chair	<input checked="" type="checkbox"/>

The Board also maintains a Pricing Committee that is comprised of Messrs. Hyzak and Kay. Mr. Kay also serves as the Board’s liaison to our Adviser’s Conflicts Committee, described further below.

Audit Committee. During the year ended December 31, 2023, the Audit Committee met four times. The Audit Committee is responsible for selecting, engaging and discharging our independent accountants, reviewing the plans, scope and results of the audit engagement with our independent accountants, approving professional services provided by our independent accountants (as well as the compensation for those services), reviewing the independence of our independent accountants and reviewing the adequacy of our internal control over financial reporting. In addition, the Audit Committee is responsible for assisting our Board of Directors with its oversight of our investment valuation policy and procedures and monitoring and overseeing the Company’s policy standards and guidelines for risk assessment and risk management, including with respect to information technology and cybersecurity policies, procedures and incidents. Our Board has determined that each of Messrs. Kay, Niemann and Walker is an “audit committee financial expert” as defined by the SEC. For more information on the backgrounds of these directors, see their biographical information under “Election of Directors” above.

Nominating and Corporate Governance Committee. During the year ended December 31, 2023, the Nominating and Corporate Governance Committee met five times. The Nominating and Corporate Governance Committee is responsible for determining criteria for service on our Board, identifying, researching and recommending to the Board director nominees for election by our stockholders, selecting nominees to fill vacancies on our Board or a committee of the Board, developing and recommending to our Board any amendments to our corporate governance principles and overseeing the self-assessment of our Board and its committees. The Nominating and Corporate Governance Committee also oversees the Company’s strategy, initiatives, policies and reporting related to Environmental, Social and Governance (ESG) activities.

Pricing Committee. Unless our stockholders allow us to do so, we are prohibited from selling, or issuing pursuant to our dividend reinvestment plan, shares of our Common Stock at a price below the then-current net asset value (“NAV”) per share, exclusive of any distributing commission or discount, as applicable. The Pricing Committee is currently responsible for assisting the Board in determining the price at which we issue shares in any private sales and pursuant to our dividend reinvestment plan and ensuring that such price does not contravene this restriction. Additionally, the Pricing Committee is responsible for assisting the Board in determining the price at which we purchase shares pursuant to our share repurchase program. The Pricing Committee considers various factors, including the valuations of our investment portfolio, in determining whether the Company is issuing shares of Common Stock at a price below the then-current NAV

per share. During the year ended December 31, 2023, the Pricing Committee met twice and acted by unanimous written consent twice.

MSC Adviser Conflicts Committee. Our Adviser maintains a Conflicts Committee that reviews and approves specific matters that may involve conflicts of interest among Main Street and its accounts, including the Company. The Board has appointed Mr. Kay to represent the Company's interest as liaison to our Adviser's Conflicts Committee.

Item 11. Executive Compensation

Compensation Discussion and Analysis

None of our executive officers receives direct compensation from us. The compensation of the principals and other investment professionals of our Adviser is paid by our Adviser or its affiliates. The compensation of our executive officers for administrative services provided to the Company is paid by our Adviser, but we reimburse our Adviser for, among other things, our allocable portion of the actual cost (without markup) of the persons performing the functions of chief financial officer and chief compliance officer and other personnel engaged to provide such administrative services (including, without limitation, direct compensation costs including the allocable portion of salaries, bonuses, benefits and other direct costs associated therewith) and related overhead costs, including rent. To the extent that our Adviser outsources any of its functions as administrator, we will pay the fees associated with such functions on a direct basis without profit to our Adviser. See "Certain Relationships and Related Transactions, and Director Independence" below for a discussion of fees and expenses payable to our Adviser.

The Board of Directors has not established a standing compensation committee because the executive officers of the Company do not receive any direct compensation from the Company.

Director Compensation

Our independent directors are entitled to an annual retainer of \$120,000. Non-employee directors do not receive fees based on meetings attended absent circumstances that require an exceptionally high number of meetings within an annual period. We do not pay compensation to our interested directors.

Additionally, the Chairpersons of certain committees of the Board of Directors are entitled to the following annual retainer amounts:

- \$15,000 to the Chair of the Audit Committee of the Board of Directors; and
- \$10,000 to the Chair of the Nominating and Corporate Governance Committee of the Board of Directors.

We also pay a \$10,000 annual retainer to the member of the Board of Directors appointed to be the liaison to our Adviser's Conflicts Committee and reimburse all of our directors for reasonable out-of-pocket expenses incurred in connection with their service on the Board of Directors.

The following table sets forth the compensation that we paid during the year ended December 31, 2023 to our non-interested directors. Directors who are also employees of Main Street or any of its subsidiaries do not receive compensation for their services as directors.

2023 Director Compensation

Name of Director	Fees Earned or Paid in Cash	All Other Compensation ⁽¹⁾	Total Compensation ⁽²⁾
Interested Directors:			
Dwayne L. Hyzak	\$ —	\$ —	\$ —
Independent Directors:			
Robert L. Kay	126,500	—	126,500
John O. Niemann, Jr.	126,500	—	126,500
Jeffrey B. Walker	131,500	—	131,500

(1) We did not award any portion of the fees earned by our directors in stock or options during the year ended December 31, 2023. We do not have a profit-sharing, compensation or retirement plan, and directors do not receive any pension or retirement benefits.

(2) The amounts listed are for the fiscal year ending December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Ownership

No person is deemed to control us, as such term is defined in the 1940 Act, through beneficial ownership of our common stock. The following table sets forth, as of March 1, 2024, information with respect to the beneficial ownership of our common stock by:

- each person known to us to beneficially own more than 5% of the outstanding shares of our common stock;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. There is no common stock subject to options that are currently exercisable or exercisable within 60 days of March 1, 2024. Percentage of beneficial ownership is based on 80,469,732 shares of common stock outstanding as of March 1, 2024.

Unless otherwise indicated, all shares of common stock in the table below are owned directly and the named person has sole voting and investment power. None of the shares of common stock beneficially owned by our officers or directors has been pledged as security for an obligation.

Name and Address	Shares beneficially owned as of March 1, 2024	
	Number	Percentage of Current Ownership
Interested Directors:		
Dwayne L. Hyzak	20,979	*
Independent Directors:		
Robert L. Kay	20,000	*
John O. Niemann, Jr.	46,429	*
Jeffrey B. Walker	30,129	*
Executive Officers (that are not directors):		
David L. Magdol	16,783	*
Jesse E. Morris	—	—
Jason B. Beauvais	8,392	*
All executive officers and directors as a group (7 persons)	142,712	*

* Amount represents less than 1.0%.

The following table sets forth the dollar range of equity securities of the Company that were beneficially owned by each director as of March 1, 2024:

Name and Address(1)	Dollar Range of Equity Securities Beneficially Owned(2)(3)(4)
Interested Directors:	
Dwayne L. Hyzak	Over \$100,000
Independent Directors:	
Robert L. Kay	Over \$100,000
John O. Niemann, Jr.	Over \$100,000
Jeffrey B. Walker	Over \$100,000

(1) The address of each director is c/o MSC Income Fund, Inc., 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056.

(2) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

(3) The dollar range of equity securities beneficially owned by our directors is based on our NAV per share of \$7.77 as of December 31, 2023.

(4) The dollar range of equity securities beneficially owned is: None, \$1 - \$10,000, \$10,001 - \$50,000, \$50,001 - \$100,000, or over \$100,000.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. As a BDC, the 1940 Act restricts us from participating in transactions with any persons affiliated with us, including our or our Adviser's officers, directors and personnel and any person controlling or under common control with us or our Adviser, subject to certain exceptions. In addition, the Audit Committee reviews and considers related party transactions.

In addition, our Code of Business Conduct and Ethics, which is applicable to all of our personnel, officers and directors, requires that all personnel, officers and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Our Code of Business Conduct and Ethics is available at www.msccincomefund.com under "Governance – Governance Documents" in the "Investors" section of our website.

The information required by this Item is disclosed in *Note K — Related Party Transactions* included *Item 8. Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K and incorporated herein by reference. In addition, we may be subject to the additional relationships and related party transactions described below:

Allocation of MSC Adviser's Time

We rely on MSC Adviser to manage our day-to-day activities and to implement our investment strategy. MSC Adviser and certain of its affiliates are presently, and plan in the future to continue to be, involved with activities which are unrelated to us. Additionally, except for certain restrictions on MSC Adviser set forth in the Investment Advisory Agreement, MSC Adviser and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with us and/or may involve substantial time and resources of MSC Adviser. As a result of these activities, MSC Adviser and certain of its affiliates and their personnel will have conflicts of interest in allocating their time between us and other activities in which they are or may become involved. Therefore, MSC Adviser, and certain of its affiliates and their personnel may experience conflicts of interest in allocating management time, services, and functions among us and any other business ventures in which they or any of their key personnel, as applicable, are or may become involved. This could result in actions that are more favorable to other affiliated entities than to us. However, MSC Adviser believes that it and its affiliates have sufficient personnel to discharge fully their responsibilities to all activities in which they are involved.

Director Independence

While we are not listed on any public securities exchange, we comply with corporate governance rules of the New York Stock Exchange ("NYSE") requiring listed companies to have a board of directors with at least a majority of independent directors. The NYSE listing standards provide that a director of a BDC will be considered to be independent if he or she is not an "interested person" of such company, as defined in Section 2(a)(19) of the 1940 Act. The 1940 Act also requires that we, as a BDC, maintain a majority of independent directors on our Board of Directors. On an annual basis, each member of our Board of Directors is required to complete a questionnaire designed to provide information to assist the Board of Directors in determining whether the director is independent under the NYSE's corporate governance rules, the applicable provisions of the Exchange Act and the 1940 Act. Based on these independence standards and the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has affirmatively determined that each of our directors, other than Mr. Hyzak, is independent under such standards.

Our Board of Directors considered certain portfolio investments and other transactions in which our independent directors may have had a direct or indirect interest, including the transactions, if any, described or cross-referenced in this "Certain Relationships and Related Transactions, and Director Independence" section, in evaluating each director's independence under the 1940 Act and NYSE standards, and the Board of Directors determined that no such transaction would impact the ability of any director to exercise independent judgment or impair his or her independence.

Item 14. Principal Accountant Fees and Services

Our Board of Directors has ratified the decision of the Audit Committee to appoint Grant Thornton LLP ("Grant Thornton") as our independent registered public accounting firm for the fiscal year ending December 31, 2024.

For the fiscal years ended December 31, 2023 and 2022, MSC Income Fund incurred the following fees for services provided by Grant Thornton, including expenses:

	Fiscal Year Ended December 31, 2023	Fiscal Year Ended December 31, 2022
Audit Fees	\$ 482,300	\$ 476,940
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	\$ 482,300	\$ 476,940

Audit Fees. Audit fees include fees for services that normally would be provided by the accountant in connection with statutory and regulatory filings or engagements and that generally only the independent accountant can provide. In addition to fees for the audit of our annual financial statements and the review of our quarterly financial statements in accordance with generally accepted auditing standards, this category contains fees for comfort letters, statutory audits, consents and assistance with and review of documents filed with the SEC.

Audit Related Fees. Audit related fees are assurance related services that traditionally are performed by the independent accountant, such as attest services that are not required by statute or regulation.

Tax Fees. Tax fees include corporate and subsidiary compliance and consulting.

All Other Fees. Fees for other services would include fees for products and services other than the services reported above.

During the fiscal years ended December 31, 2023 and 2022, Grant Thornton LLP did not bill any non-audit fees for services rendered to MSC Income Fund or for services rendered to our Adviser or its parent company, Main Street.

Pre-approval Policies and Procedures

It is the policy of our Audit Committee to preapprove all audit, review or attest engagements and permissible non-audit services to be performed by our independent registered public accounting firm, subject to, and in compliance with, the *de minimis* exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and the applicable rules and regulations of the SEC. Our Audit Committee did not rely on the *de minimis* exception for any of the fees disclosed above.

All services performed for us for the fiscal years ended December 31, 2023 and 2022 were pre-approved or ratified by our Audit Committee.

PART IV

Item 15. Exhibits and Consolidated Financial Statement Schedules

The following documents are filed or incorporated by reference as part of this Annual Report:

a. Consolidated Financial Statements

The following financial statements are set forth in Item 8:

Report of Independent Registered Public Accounting Firm (PCAOB ID Number 248)	60
Audited Financial Statements	
Consolidated Balance Sheets as of December 31, 2023 and 2022	62
Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021	63
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2023, 2022 and 2021	64
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	65
Consolidated Schedules of Investments as of December 31, 2023 and 2022	66
Notes to the Consolidated Financial Statements	104

b. Consolidated Financial Statement Schedule

Schedule of Investments in and Advances to Affiliates for the Years Ended December 31, 2023 and 2022	142
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c. Exhibits

The following exhibits are filed as part of this Form 10-K or hereby incorporated by reference to exhibits previously filed with the SEC:

- 3.1 [Articles of Amendment and Restatement of the Registrant](#) (filed as Exhibit 3.1 to the Registrant's current report on Form 8-K, filed on December 21, 2016 (File No. 814-00939) and incorporated herein by reference).
- 3.2 [Amended and Restated Bylaws of the Registrant](#) (filed as Exhibit 3.2 to the Registrant's current report on Form 8-K, filed on November 3, 2020 (File No. 814-00939) and incorporated herein by reference).
- 3.3 [Articles of Amendment to the Registrant's Articles of Amendment and Restatement](#) (filed as Exhibit 3.1 to the Registrant's current report on Form 8-K, filed on November 3, 2020 (File No. 814-00939) and incorporated herein by reference).
- 4.1 [Amended and Restated Distribution Reinvestment Plan, effective as of November 1, 2017](#) (filed as Exhibit 4.1 to the Registrant's current report on Form 8-K, filed on October 19, 2017 (File No. 814-00939) and incorporated herein by reference).
- 4.2 [Description of Securities](#) (filed as Exhibit 4.4 to the Registrant's annual report on Form 10-K, filed on March 30, 2021 (File No. 814-00939) and incorporated herein by reference).
- 10.1 [Investment Advisory and Administrative Services Agreement by and between the Registrant and MSC Adviser I, LLC](#) (filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on November 3, 2020 (File No. 814-00939) and incorporated herein by reference).
- 10.2 [Form of Indemnification for Affiliated Directors and Officers](#) (filed as Exhibit (k)(5) to Pre-Effective Amendment No. 3 to the Registrant's Registration Statement on Form N-2, filed on May 31, 2012 (File No. 333-178548) and incorporated herein by reference).
- 10.3 [Form of Indemnification for Independent Directors](#) (filed as Exhibit (k)(6) to Pre-Effective Amendment No. 3 to the Registrant's Registration Statement on Form N-2, filed on May 31, 2012 (File No. 333-178548) and incorporated herein by reference).
- 10.4 [Custodian Agreement by and between the Registrant and State Street Bank and Trust Company](#) (filed as Exhibit 10.2 to the Registrant's current report on Form 8-K, filed on November 3, 2020 (File No. 814-00939) and incorporated herein by reference).

- 10.5 [Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 6, 2017, by and among the Registrant, HMS Equity Holding, LLC, HMS Equity Holding II, Inc., the financial institutions party thereto and EverBank Commercial Finance, Inc. \(filed as Exhibit 10.40 to the Registrant's annual report on Form 10-K, filed on March 7, 2017 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.6 [First Amendment to the Amended and Restated Senior Secured Revolving Credit Agreement, dated as of October 19, 2017, by and among the Registrant, HMS Equity Holding, LLC, HMS Equity Holding II, Inc., the financial institutions party thereto and EverBank Commercial Finance, Inc. \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on October 19, 2017 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.7 [Second Amendment to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 5, 2020, by and among the Registrant, HMS Equity Holding, LLC, HMS Equity Holding II, Inc., HMS California Holdings GP LLC, HMS California Holdings, LP, the lenders party thereto and TIAA, FSB. \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on March 5, 2020 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.8 [Fourth Amendment to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of January 27, 2021, by and among the Registrant, MSC Equity Holding, LLC, MSC Equity Holding II, Inc., MSC California Holdings GP LLC, MSC California Holdings LP, the lenders party thereto and TIAA, FSB \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on January 28, 2021 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.9 [Fifth Amendment to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of July 27, 2021, by and among the Registrant, MSC Equity Holding, LLC, MSC Equity Holding II, Inc., MSC California Holdings GP LLC, MSC California Holdings LP, the lenders party thereto and TIAA, FSB \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on July 27, 2021 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.10 [Sixth Amendment and Waiver to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of September 22, 2021, by and among the Registrant, the Guarantors party thereto, the lenders party thereto and TIAA, FSB \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on September 28, 2021 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.11 [Seventh Amendment to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of April 27, 2023, by and among the Registrant, the Guarantors party thereto, the lenders party thereto and TIAA, FSB \(filed as Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q, filed on May 12, 2023 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.12 [Loan and Security Agreement, dated as of February 3, 2021, among MSIF Funding, LLC, as borrower, the Registrant, as portfolio manager, U.S. Bank, National Association, as collateral agent, securities intermediary, and collateral administrator, and JPMorgan Chase Bank, National Association, as administrative agent and lender \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on February 4, 2021 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.13 [First Amendment to Loan and Security Agreement, dated June 2, 2023, by and among MSIF Funding, LLC, as borrower; MSC Income Fund, Inc., as portfolio manager; U.S. Bank Trust Company, National Association, as collateral agent and collateral administrator; U.S. Bank National Association, as securities intermediary; and JPMorgan Chase Bank, National Association, as administrative agent and lender \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on June 6, 2023 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 10.14 [Second Amendment to Loan and Security Agreement, dated August 31, 2023, by and among MSIF Funding, LLC, as borrower; MSC Income Fund, Inc., as portfolio manager; U.S. Bank Trust Company, National Association, as collateral agent and collateral administrator; U.S. Bank National Association, as securities intermediary; and JPMorgan Chase Bank, National Association, as administrative agent and lender \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K \(File No. 814-00939\) and incorporated herein by reference\).](#)
[Second Amendment to Loan and Security Agreement, dated August 31, 2023, by and among MSIF Funding, LLC, as borrower; MSC Income Fund, Inc., as portfolio manager; U.S. Bank Trust Company, National Association, as collateral agent and collateral administrator; U.S. Bank National Association, as securities intermediary; and JPMorgan Chase Bank, National Association, as administrative agent and lender.](#)
- 10.15 [Master Note Purchase Agreement, dated as of October 22, 2021, by and among the Registrant and the Purchasers party thereto \(filed as Exhibit 10.1 to the Registrant's current report on Form 8-K, filed on October 22, 2021 \(File No. 814-00939\) and incorporated herein by reference\).](#)

- 21.1 [List of Subsidiaries \(filed as Exhibit 21.1 to the Registrant’s annual report on Form 10-K, filed on March 30, 2021 \(File No. 814-00939\) and incorporated herein by reference\).](#)
- 31.1 [Certification of Chief Executive Officer of the Registrant, pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 31.2 [Certification of Chief Financial Officer of the Registrant, pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 32.1 [Certification of Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 32.2 [Certification of Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 101 The following financial information from our Annual Report on Form 10-K for the fourth quarter of fiscal year 2023, filed with the SEC on March 8, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Balance Sheets at December 31, 2023 and December 31, 2022, (ii) the Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021, (iii) the Consolidated Statements of Changes in Net Assets for the periods ended December 31, 2023, 2022 and 2021, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021, (v) the Consolidated Schedule of Investments for the periods ended December 31, 2023 and December 31, 2022, (vi) the Notes to Consolidated Financial Statements and (vii) the Consolidated Schedule 12-14 for the years ended December 31, 2023 and 2022 (filed herewith).
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document) (filed herewith)

* * * * *

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MSC INCOME FUND, INC.

Date: March 8, 2024

By: /s/ DWAYNE L. HYZAK
Dwayne L. Hyzak
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ DWAYNE L. HYZAK</u> Dwayne L. Hyzak	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 8, 2024
<u>/s/ JESSE E. MORRIS</u> Jesse E. Morris	Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer (Principal Financial Officer)	March 8, 2024
<u>/s/ CORY E. GILBERT</u> Cory E. Gilbert	Vice President, Chief Accounting Officer and Assistant Treasurer (Principal Accounting Officer)	March 8, 2024
<u>/s/ ROBERT L. KAY</u> Robert L. Kay	Director	March 8, 2024
<u>/s/ JOHN O. NIEMANN, JR.</u> John O. Niemann, Jr.	Director	March 8, 2024
<u>/s/ JEFFREY B. WALKER</u> Jeffrey B. Walker	Director	March 8, 2024

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED**

I, Dwayne L. Hyzak, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of MSC Income Fund, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this March 8, 2024.

By: /s/ DWAYNE L. HYZAK

Dwayne L. Hyzak

Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED**

I, Jesse E. Morris, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of MSC Income Fund, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this March 8, 2024.

By: /s/ JESSE E. MORRIS

Jesse E. Morris

Chief Financial Officer and Chief Operating Officer

**Certification of Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the accompanying Annual Report of MSC Income Fund, Inc. (the “Registrant”) on Form 10-K for the year ended December 31, 2023 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Dwayne L. Hyzak, the Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ DWAYNE L. HYZAK

Name: Dwayne L. Hyzak

Date: March 8, 2024

Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the accompanying Annual Report of MSC Income Fund, Inc. (the “Registrant”) on Form 10-K for the year ended December 31, 2023 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Jesse E. Morris, the Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ JESSE E. MORRIS

Name: Jesse E. Morris

Date: March 8, 2024